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ABSTRACT

The Defense Conversion Adjustment (DCA) Demonstration, administered by the U.S. Department of Labor's Office of Work-Based Learning, consisted of 19 demonstration projects that used three approaches to alleviate the negative impacts of defense cutbacks on communities, firms, and workers: community planning, dislocation aversion, and worker mobility. The DCA Demonstration's short-term outcomes and effectiveness of the approaches used in its individual demonstration projects were evaluated through a case study methodology that included three visits to each demonstration site, interviews with project administrators and other demonstration partners (including participating firms, community agencies, and selected individuals receiving demonstration services), and a review of relevant written materials. The DCA Demonstration was shown to contain both successes and failures. The community planning projects confirmed that local-level employment and training organizations are eager and willing to engage in long-term planning. The dislocation aversion projects demonstrated that, by encouraging firms to invest in training incumbent workers as a readjustment strategy, the public sector can help companies stabilize/increase their sales while simultaneously helping workers retain their jobs and enhance their skills. Although the worker mobility projects attempted to be innovative, most did not improve on existing service delivery designs of the Title III dislocated worker system. (Fact sheets on all 19 DCA projects are included.) (MN)

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Responses to Defense Cutbacks: Demonstration Evaluation Findings

Research and Evaluation Report Series 97-A

U.S. Department of Labor
Employment and Training Administration
1997

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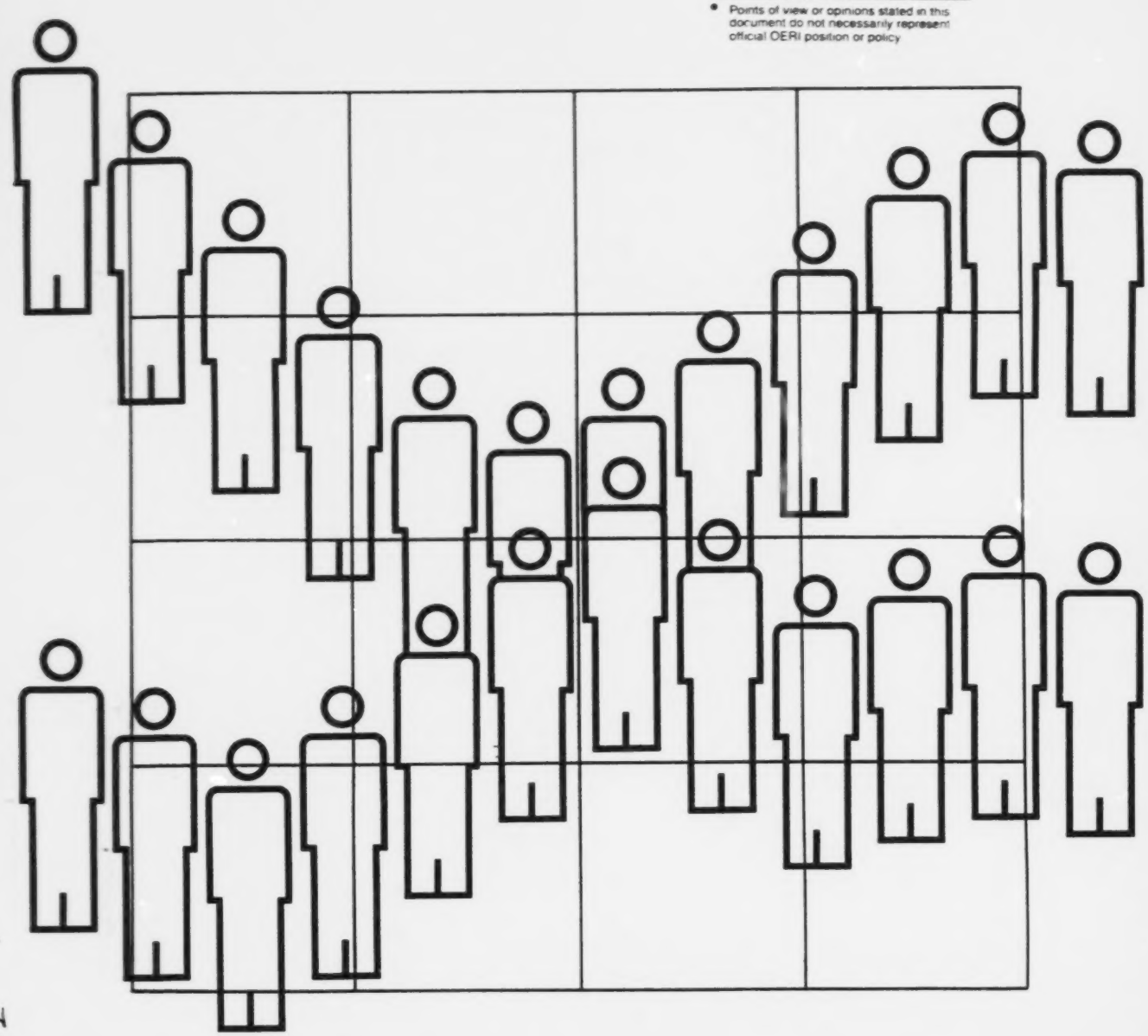

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Responses to Defense Cutbacks: Demonstration Evaluation Findings

Research and Evaluation Report Series 97-A

U.S. Department of Labor
Robert B. Reich, Secretary

Employment and Training Administration
Timothy Barnicle, Assistant Secretary

Office of Policy and Research
Gerard F. Fiala, Administrator

1997

Research and Evaluation Project Series

The Research and Evaluation Project Series presents information about and results of projects funded by the Office of Policy and Research (OPR) of the U. S. Department of Labor's Employment and Training Administration. These projects deal with a wide range of training, employment, workplace literacy, labor market, and related issues. The series is published under the direction of OPR's Dissemination Unit.

This report in the series was prepared by the Berkeley Planning Associates, of Oakland, California, under Department of Labor Contract No. Q-4294-3-00-87-30. The authors are Mary G. Visher, Deana McCanne and Deborah Kogan. OPR's project officer for the study was Eileen Pederson.

Contractors conducting research and evaluation projects under Federal sponsorship are encouraged to express their own judgment freely. Therefore, this report does not necessarily represent the official opinion or policy of the Department of Labor.

PREFACE

Berkeley Planning Associates (BPA) and Social Policy Research Associates (SPR) are pleased to offer this final report from the evaluation of the Defense Conversion Adjustment (DCA) Demonstration. An earlier report, the ***Interim Report on Implementation,*** presented preliminary observations on the design and implementation experiences of twelve of the DCA projects (those that were funded in the first round and began operations in early 1993). This report concludes the three year long DCA Demonstration and Evaluation involving a total of nineteen demonstration projects.

A wide range of individuals and organizations have followed the progress of the DCA grantees, including the U.S. Departments of Labor, Defense, Commerce and Energy, experts in the field of defense conversion, members of the employment and training community and, of course, the DCA grantees themselves. No single report can easily meet the informational needs of this heterogeneous group. For this reason we have "packaged" this report in three separate volumes so that readers can select those volumes that interest them most.

Each volume corresponds with one of the three main approaches used in this demonstration to respond to defense downsizing. **Volume I, The Community Planning Approach**, contains descriptions and analysis of the projects in the demonstration that focused on planning responses to military facility closures or mass dislocation caused by extensive defense-related downsizing in their communities. **Volume II, The Dislocation Aversion Approach**, contains descriptions and analysis of the projects that worked with at-risk defense firms to support these firms' efforts to avert laying off workers as part of their conversion strategy. **Volume III, The Worker Mobility Approach**, contains descriptions and analysis of the projects that attempted to meet the employment and training needs of workers who had lost their jobs in the defense sector. A **Summary of Findings** summarizes lessons learned and presented in all three volumes.

Readers interested in the details of how each project designed and implemented defense conversion strategies are encouraged to refer to the individual project profiles in Appendix A of each volume. We have also included one-page "fact sheets" containing basic information on all the projects using a given approach, as well as several additional projects that were selected and studied to supplement information gathered from the DCA projects.

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INTRODUCTION

Large reductions in defense spending are taking place as a result of the break-up of the former Soviet Union and the end of the Cold War. Between 1987 and 1993, U.S. defense expenditures declined $48 billion dollars, from 6 percent to 4.7 percent of the gross national product. Based on current budget proposals and Department of Defense (DOD) projections, further reductions in defense spending totaling an additional $45 billion are expected by 1999. To date, an estimated 1.65 million jobs have been lost as a result of defense cutbacks. Affected workers have included armed services personnel, civilian DOD employees, and private sector defense industry workers. The defense drawdown has been particularly disruptive for defense-related industries, which have absorbed the largest share of the spending cutbacks, and their workers.

The Defense Conversion Adjustment (DCA) Demonstration, authorized by Section 325(d) of Title III of the Job Training Partnership Act, funded through the National Defense Authorization Act of 1991, and administered by the U.S. Department of Labor's Office of Work-Based Learning, was designed to support innovative responses to the impacts of defense cutbacks on communities, firms, and workers. Twelve Round 1 DCA demonstration grants were awarded in November 1992 for an initial 18-month demonstration period. Of the twelve Round 1 grantees, seven subsequently received funding for an additional 12-month "option year." A second round of seven DCA demonstration grants were awarded in November 1993. Funding for an additional "option year" was not available to the Round 2 projects. Over the course of the demonstration, a total of 19 demonstration projects received slightly over $11 million to carry out a wide variety of activities.

The DCA demonstration grants were awarded under five different categories—dislocation aversion, increased worker mobility, community planning, economic development, and locally initiated approaches. Areas of potential innovation included:

Summary of Findings

(1) The use of grantee organizations and administrative entities not otherwise found in the Department of Labor's Title III programs for dislocated workers.

(2) The targeting of demonstration activities to individuals and groups not generally included in Title III-funded activities, including impacted communities, defense-dependent firms, and individual workers at risk of dislocation in addition to already dislocated workers.

(3) The provision of a wide range of activities and services related to defense conversion objectives, including, for example, the formation of community task forces, the provision of business development assistance, entrepreneurial training, workforce training in high performance workplace skills and total quality management processes, as well as technical training for existing workers.

(4) Coordination of DCA demonstration activities with defense conversion activities supported by other federal, state, or local funding sources and projects, such as economic development or community adjustment initiatives.

The DCA demonstrations were grouped into three clusters for analysis—the community planning approach, the dislocation aversion approach, and the worker mobility approach. Most demonstrations used a single approach, but some developed designs that combined several approaches.

The evaluation of the Defense Conversion Adjustment Demonstration had three major objectives: (1) to describe and document the implementation and short-term outcomes of the demonstration projects as they relate to the specific problems faced as a result of defense cutbacks; (2) to identify exemplary approaches to the specific problems faced in defense-related dislocations; and (3) to identify the factors that facilitated or impeded the success of various defense conversion approaches.

The evaluation used a case study methodology to collect qualitative data on project designs, implementation experiences, and outcomes. Two visits were conducted to each demonstration project during the initial 18-month demonstration period. A third visit was conducted to each Round 1 project that received option year funding. Using structured topic guides, field researchers conducted discussions with project administrators and other demonstration partners, participating firms, formal worker representatives, agencies or individuals involved in the design or delivery of

services to businesses and/or individual workers, selected individuals receiving demonstration services, and representatives of other community agencies involved in demonstration planning or implementation. Dislocation aversion and worker mobility projects were asked to complete forms on an annual basis documenting quantifiable outcomes. Relevant written materials, including project proposals, progress reports, participant records, and curriculum materials were also reviewed as part of the data collection for the individual project case studies.

THE COMMUNITY PLANNING APPROACH

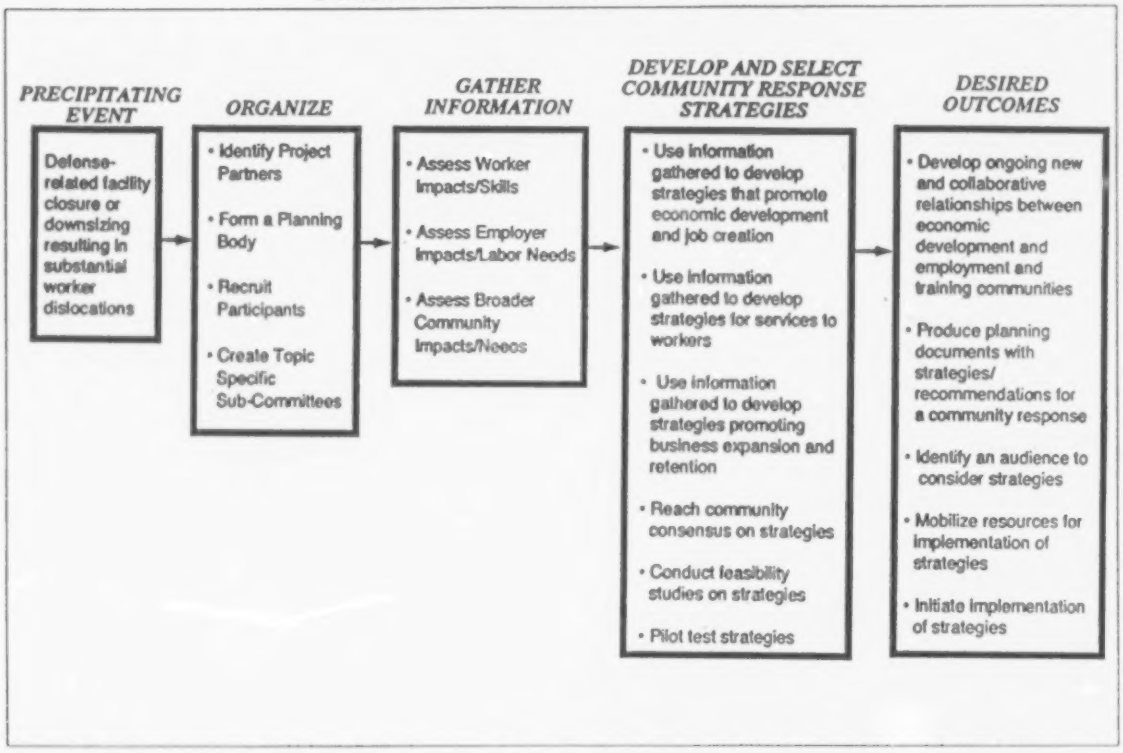
At the community level, cutbacks in defense spending have had particularly devastating impacts on local areas in which a high percentage of local economic activity is related to defense contracting or the operation of affected military installations. When defense-related facilities downsize or close resulting in mass layoffs within a limited geographical area, communities face the following kinds of challenges:

- High numbers of workers dislocated from DOD prime contractors, civilian employment at DOD installations, or military service at affected bases.
- Major secondary effects on local employment for defense subcontractors and local suppliers.
- Tertiary effects on local retail and service jobs, resulting in overall high unemployment and economic decline.
- Limited information about how to go about planning for economic development, job creation, and alternative uses of facilities, equipment, and human resources.
- A variety of organizations, agencies, and interest groups with concerns about the situation and the ability to offer resources to develop a coordinated community response.

Summary of Findings

The community planning approach was designed specifically to help communities develop innovative and creative responses to mitigate the impacts of a defense-related facility downsizing or closure. Figure 1 depicts the general community planning approach. Five DCA demonstration projects tested a range of community planning strategies. Figure 2 summarizes the key features of these projects.

Figure 1
COMMUNITY PLANNING APPROACH


PRECIPITATING EVENT
Defense-related facility closure or downsizing resulting in substantial worker dislocations
ORGANIZE
• Identify Project Partners
• Form a Planning Body
• Recruit Participants
• Create Topic Specific Sub-Committees
GATHER INFORMATION
• Assess Worker Impacts/Skills
• Assess Employer Impacts/Labor Needs
• Assess Broader Community Impacts/Needs
DEVELOP AND SELECT COMMUNITY RESPONSE STRATEGIES
• Use information gathered to develop strategies that promote economic development and job creation
• Use information gathered to develop strategies for services to workers
• Use information gathered to develop strategies promoting business expansion and retention
• Reach community consensus on strategies
• Conduct feasibility studies on strategies
• Pilot test strategies
DESIRED OUTCOMES
• Develop ongoing new and collaborative relationships between economic development and employment and training communities
• Produce planning documents with strategies/ recommendations for a community response
• Identify an audience to consider strategies
• Mobilize resources for implementation of strategies
• Initiate implementation of strategies

The precipitating event for two of the community planning projects was the impending closure or downsizing of a very large military base in an urban area, causing widespread direct and indirect job losses and economic impacts throughout the local economy. Another two demonstration projects were undertaken as responses to relatively small military base closures in rural areas with already weak local economies. The fifth project was undertaken in response to significant downsizing of defense contractors and the resulting widespread dislocations throughout an entire region.

Figure 2

AN OVERVIEW OF THE DCA COMMUNITY PLANNING PROJECTS

Project Location/Grantee/ Grant Amount	Precipitating Event/Size of Layoffs	Project Goals	Key Features/Activities	Key Outcomes
Castle Air Force Base Closure Defense Conversion Adjustment Project Merced, California Merced County Department of Economic and Strategic Development $56,000	Closure of Castle AFB scheduled for Fall 1995. Expected layoffs for 1,200 workers.	Mitigate the impact of the base closure on the Merced County business community.	▸ Hired a consultant to prepare a report on economic development strategies for the community. ▸ Planned and provided training and consulting to area businesses in government contracting and international trade.	▸ Prepared a report on economic development strategies for the County. ▸ Provided information and assistance to 81 area businesses affected by the base closure.
Philadelphia Naval Base and Shipyard Complex Planning Project Philadelphia, Pennsylvania Pennsylvania Department of Labor and Industry $464,198	Drawdown of the Philadelphia Naval Base scheduled to be complete in early 1996. It is estimated that 11,000 workers will be laid off.	Lay the groundwork for an effective response to the needs of the employees and community in response to the downsizing of the Naval Base.	▸ Convened a group of project partners to participate in the planning effort. ▸ Supported plans for a service center to assist impacted workers. ▸ Assessed skills of impacted workers.	▸ Secured over $10 million in grants to fund services for dislocated workers. ▸ Opened the Naval Base Career Transition Center to assist dislocated Base workers.
Charleston Naval Complex Community Planning Project Charleston, South Carolina Charleston County Employment and Training Administration $500,000	Drawdown of the Charleston Naval Complex scheduled to be complete in 1996. Approximately 10,000 civilian workers will be laid off.	Plan a community response to the dislocations associated with the downsizing of the Naval Complex that promotes economic development and revitalization.	▸ Formed a group of organizational project partners. ▸ Surveyed 3,000 area employers and conducted 100 in-depth interviews with key employers. ▸ Gathered information to assess the impact of the downsizing and the capacity of the community's existing supportive services. ▸ Planned a database describing area resources for workers and employers needing assistance. ▸ Hosted two forums to discuss linkages between employment and training and economic development entities. ▸ Planned two worker training programs (entrepreneurial training and a manufacturing familiarization program).	▸ Developed a detailed Community Plan with recommended strategies. ▸ Prepared a "Business Check-Up Kit" to help businesses determine whether they were in need of assistance and where to get that assistance. ▸ Prepared a report describing characteristics of 2,605 dislocated workers. ▸ Pilot tested two training programs for dislocated workers (20 workers participated). ▸ Developed new relationships among planning partners.

Figure 2 *(continued)*

Project Location/Grantee/ Grant Amount	Precipitating Event/Size of Layoffs	Project Goals	Key Features/Activities	Key Outcomes
New England Defense Conversion Planning and Technical Assistance Project Bucksport, Maine Training and Development Corporation $499,941	Massive dislocations within the six participating states, as a result of downsizing of defense sector. Approximately 25% of defense-related jobs were lost in these states between 1989 - 1994.	Promote regional cooperation and consensus building to address economic decline throughout New England.	▸ Formed a task force of nearly 70 members. ▸ Collected information about impact of defense downsizing on the area. ▸ Conducted focus groups with defense firms and at-risk and dislocated workers to assess their needs. ▸ Assessed the capacity of existing education and training institutions to serve employers and workers. ▸ Developed a guide to help workers understand how defense skills apply to the commercial market.	▸ Prepared a final report highlighting recommendations for regional economic development and business retention strategies. ▸ Made recommendations for improving the workforce development and transition system. ▸ Fostered new relationships to develop networks and linkages among retraining and reemployment entities.
Seneca County Community Planning Project New York State Department of Labor/Seneca County Employment and Training Seneca, New York $496,373	Closure of Seneca Army Depot. Loss of 547 civilian workers expected.	Develop a plan to respond to the Depot closure and other economic problems through the collection and analysis of information that could inform a set of recommendations.	▸ Formed several task forces. ▸ Conducted analysis of area labor force. ▸ Surveyed dislocated workers regarding needs and impacts. ▸ Surveyed 250 county employers regarding impacts. ▸ Conducted research on skills in demand by area employers. ▸ Conducted in-person interviews with 90 firms to see how to retain them in the county. ▸ Assessed existing level of cooperation between local governments in the county. ▸ Held a series of community meetings to select an economic development strategy for county.	▸ Prepared a labor force analysis report and guide for planners and service providers. ▸ Recommended improvements for the area's education and training providers. ▸ Developed recommendations on how to retain and expand area businesses. ▸ Developed a set of recommendations to increase coordination and collaboration between local governments in the county. ▸ Conducted a feasibility study for using "tourism" as an economic development strategy.

Projects testing the community planning approach emphasized the activities needed to develop a coherent and unified community response to the local situation. These activities included:

(1) Organizing community stakeholders into a functioning planning body.

(2) Gathering and analyzing information on the impacts of the precipitating event on workers, employers and the broader community as well as information about worker skills, labor needs of employers and community resources.

(3) Developing strategies for economic development and job creation and services to impacted workers and businesses.

(4) Conducting feasibility studies and reaching consensus on the community response strategies.

(5) Mobilizing resources for implementing the strategies.

FINDINGS FROM THE COMMUNITY PLANNING PROJECTS

PROJECT GOALS AND OBJECTIVES

While the overall mission for most projects was to respond to the impact of a defense facility downsizing or closure, the specific goals and objectives identified by each project varied considerably. These goals and objectives also played an important role in focusing the planning effort. The following are the key findings related to setting goals and objectives.

- ***Developing an Inclusive Goal Statement:*** Projects benefited if they had broad goal statements with a general focus on helping the local economy recover from the impacts of defense downsizing. Projects with more narrowly defined goal statements were less likely to achieve their desired outcomes.

- ***Differentiating Between Strategies and Objectives:*** Planning objectives were most useful when they were clearly defined, but not so specific that they detailed strategies to pursue before information gathering efforts were complete.

- ***Limiting the Number of Objectives:*** Community planning projects that were overly ambitious about the number of objectives they set out to accomplish ended up over-extending project partners and spreading scarce resources too thin.

ORGANIZATIONAL ROLES AND RELATIONSHIPS

To pursue project goals and objectives, grantees had to determine what type of planning body to develop, what partners to recruit to participate in the planning process, and how to operationalize the planning process. Each of the demonstration projects developed their own unique responses to these challenges.

- ***Building on Existing Capacity***: Planning efforts were most successful when projects built on the capacity of existing organizations and efforts, rather than trying to compete against them.

- ***Relationships to Other Planning Activities***: Planning bodies were most effective when they were the only planning entity in a community or when they had a clear functional relationship to a larger planning effort.

- ***Effective Use of Subcommittees***: The executive planning body/subcommittee structure was most effective when the subcommittees' work was integrated into the overall planning process.

- ***The Importance of Local Project Leadership***: Local administrative entities were the most effective project leaders because of their understanding of local politics and familiarity with key stakeholders in the community.

- ***Important Leadership Characteristics***: The most effective individuals leading community planning projects had strong ties with key stakeholders in the community, were assertive and dedicated, and had strong leadership skills. Project leaders without these characteristics benefited from recruiting project partners who did.

- ***Effective Planning Group Size:*** In determining the size of the planning group, it was important to balance the need for an inclusive body with the need to achieve consensus. The point at which this balance was achieved varied depending on local circumstances.

- ***Importance of Diverse Representation***: To facilitate the development of creative and innovative planning strategies, projects needed a diverse, experienced, dedicated, and influential group of stakeholders at the planning table. Including economic development and employment and training representatives in a planning effort encouraged, but did not guarantee the development of linkages between these entities.

- ***Securing Commitments from Participating Agencies***: The lack of formal agreements among project leadership and participating organizations led to disruption of the planning process when individual staff turnover occurred. A formal memorandum of understanding

or agreement between project leadership and agencies represented in the planning process, may ensure that staff turnover does not result in the loss of critical project support.

OPERATIONALIZING THE PLANNING PROCESS

Once projects had recruited the appropriate participants and established a planning structure, they had to implement a planning process. Operationalizing the planning process included setting a planning schedule and reaching agreement on a decision making process.

- ***Setting the Project Schedule***: To maintain forward momentum for the planning process, it was important to schedule regular meetings with project participants and maintain regular communication among project partners.

- ***Reaching Consensus on the Process***: Reaching consensus on the planning and decision making processes early in the planning process helped projects avoid potential turf issues and charges of bias.

INFORMATION GATHERING ACTIVITIES

To make informed decisions on the appropriate strategies for a community response to a facility closure or downsizing, planning participants needed information. Information gathering typically included research to determine the impact of the facility closure or downsizing on workers, employers, and/or the community at large. Additionally, some projects gathered information on the intentions of local businesses and the capacity of the education and training sector to assist in the community response.

- ***Using Information as a Strategic Tool***: Information-gathering activities provided the most useful results when they were used as a strategic tool to inform the development and selection of community response strategies.

- ***Anticipating Obstacles to Information Gathering Efforts***: Projects found that it was important to anticipate and respond early to potential obstacles to information-gathering activities, such as problems working with base personnel or limited resources.

- ***Importance of Expertise***: Information-gathering activities were most useful when experienced consultants worked with planning participants to design and/or implement research activities.

Summary of Findings

- ***Importance of Style and Distribution of Information***: Information-gathering activities were most useful and cost-effective when the results were presented in a user-friendly format and distributed to as many potentially interested stakeholders as possible.

- ***Importance of Gauging the Political Climate***: Information gathered was most useful when it was reported in a manner that was sensitive to the political context within the community.

DEVELOPING COMMUNITY RESPONSE STRATEGIES

The process of developing community response strategies proved to be the most challenging and rewarding effort for many of the planning projects. The success projects had in meeting the goals of the DCA demonstration and developing effective community response strategies depended on how they used information, the ability of the employment and training community to justify the importance of workforce development in these response strategies, and the creativity of planning participants.

- ***Effective Use of Information***: The formulation of community response strategies was most successful when the project used the gathered information to drive the process.

- ***Importance of an Assertive and Forward-Thinking Employment and Training Community***: Strategies linking workforce development and economic development efforts were most likely to be developed if the employment and training community could justify to planning participants how these linkages would help the community respond to a facility downsizing or closure.

- ***Effectively Assessing Strategies***: Seeking community input, conducting feasibility studies, and pilot-testing ideas were successful means for assessing the feasibility of proposed strategies while at the same time developing community consensus.

- ***Importance of an Audience***: Projects found that it was important to identify an audience with the power and authority to implement the recommended strategies. Projects that lacked an appropriate audience were left at the end of the demonstration with little hope that their strategies would be implemented.

IMPLEMENTATION

Implementation was not part of the funding for the DCA demonstration community planning projects. But by the end of their planning efforts, projects should have initiated activities which would facilitate implementation of their recommended plans or strategies. These activities included mobilizing resources and securing agreements with new organizational partners.

- ***Importance of Mobilizing Resources:*** Successful implementation of community plans/strategies was dependent on the project's ability to mobilize new financial resources.
- ***Building New Relationships***: Several community planning efforts resulted in the formation of lasting new relationships or the strengthening of existing relationships between the employment and training community and economic development representatives.

STRATEGIES FOR SUCCESS FOR COMMUNITY PLANNING PROJECTS

- Projects need to formulate clear, realistic goals.
- Projects need strong local leadership with ties to key stakeholders in the community including: local government, economic development, employment and training, educational institutions, the private sector, and other interest groups. If grantees do not hold a strong leadership role in the community, they should seek planning partners who do.
- Projects need to create an inclusive planning effort which includes recruiting a diverse, dedicated and influential group of stakeholders as planning participants. To develop the desired linkages between economic development and workforce development activities, both employment and training and economic development entities should be represented at all levels of the planning effort.
- Projects should always try to build on existing capacity to avoid "reinventing the wheel." For example, in communities where OEA community planning efforts are already underway, projects should try to coordinate with these activities to avoid duplicating efforts and to take full advantage of any progress already made.
- Project leadership needs to establish regular and effective means of communication between planning partners and participants to promptly identify and address any obstacles to progress.
- Projects should work closely with hired consultants, rather than allowing consultants to drive the planning effort. Therefore, planning bodies should be empowered to make decisions and to conduct real work in the planning effort.
- As early as possible in the planning effort, projects need to identify an appropriate audience to consider options, strategies and recommendations, with the power and authority to implement these ideas.
- Information-gathering activities should be conducted strategically to inform community response strategies. Similarly, strategies should well-grounded in high-quality information.
- The employment and training community needs to justify to other planning participants how linkages between workforce development and economic development efforts help a community turn a potential economic disaster into a unique opportunity for job growth.
- Projects need to assess the feasibility of strategies formulated and develop community consensus on the strategies proposed. These proposed strategies then need to be presented in a user-friendly format to all appropriate audiences.
- Projects should use the planning process as an opportunity to develop new and strengthen old relationships between community agencies to create productive linkages within the community.
- Projects need to focus on mobilizing additional resources as part of the planning efforts to ensure that the efforts can move from planning to implementation.

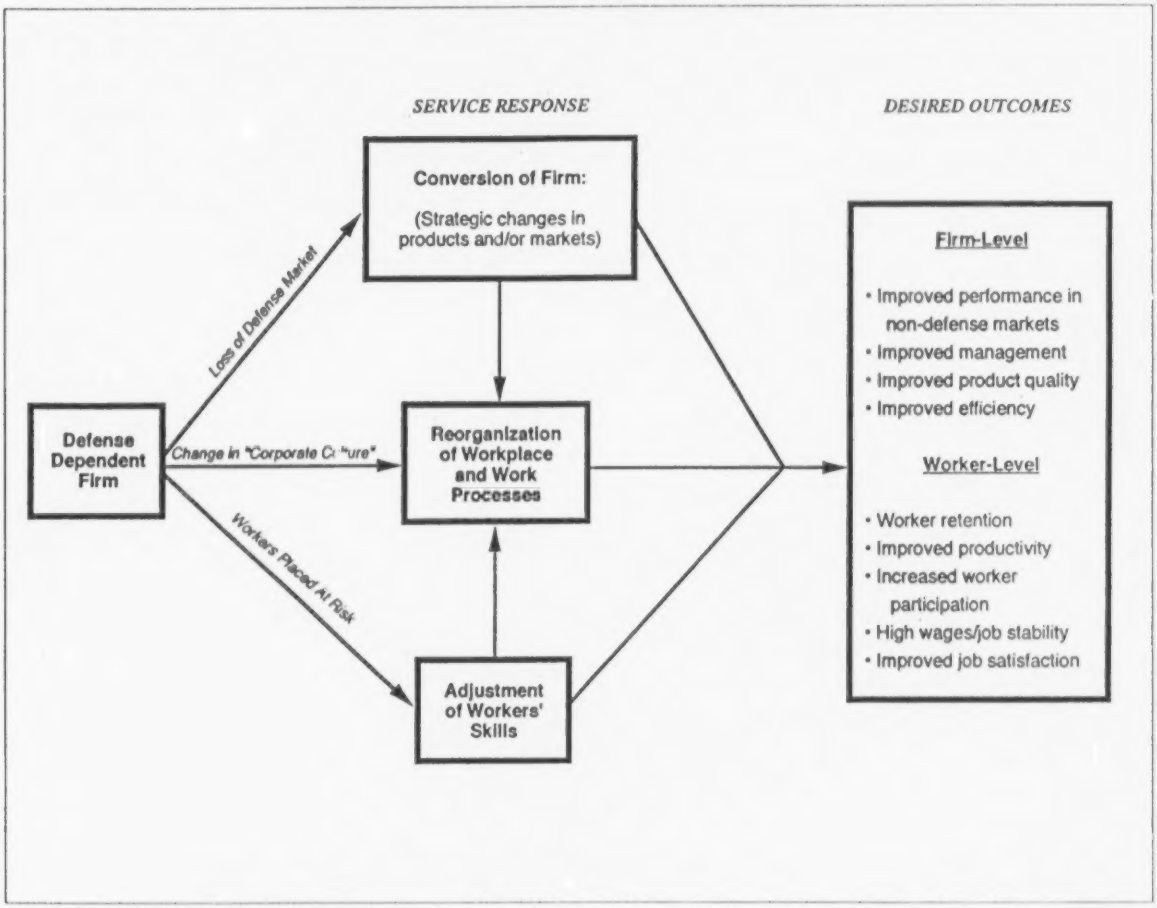
THE DISLOCATION AVERSION APPROACH

At the firm level, cutbacks in defense spending have had the greatest impact on firms that specialize in the production of components or products that are required to meet strict defense procurement specifications. Many of these firms still control sizable resources in terms of facilities and equipment and a highly trained workforce. However, they face an immediate challenge in transferring these resources to production for non-defense markets. With sharp cutbacks or decreased demand for their products by DOD, these firms face the need to become competitive by developing new products and/or new markets. Defense-dependent firms are often characterized by:

- Substantial experience producing limited quantities of high-cost products to meet detailed military specifications.
- Little experience investing their own funds in research and development efforts to bring new products to market.
- Little experience developing flexible or diverse product lines.
- Little experience with activity-based cost accounting, inventory control procedures, or market research.
- Little experience with cost containment or continuous improvement strategies or procedures.
- Little experience with customer service and marketing to commercial customers.

The dislocation aversion approach was designed to help defense dependent firms adjust to reductions in their defense sales by helping them convert to commercial markets. Figure 3 depicts the general dislocation aversion approach. Nine of the DCA demonstration projects carried out activities designed to help at-risk defense-dependent firms avert layoffs. Figure 4 summarizes the key features of these projects. Most projects targeted small to moderate-sized second- and third-tier defense contractors and suppliers. Two projects worked intensively with a large defense prime contractor. A total of 88 firms were assisted across the dislocation aversion demonstration projects.

Figure 3
DISLOCATION AVERSION APPROACH



In the dislocation aversion approach, defense-dependent firms were assisted in restructuring their operations to compete successfully in commercial markets and reduce dislocations through early intervention for the firm as a whole to preserve the jobs of employees at risk of dislocation. The first step for these projects was to identify and select defense-dependent firms that were interested in restructuring for competition in non-defense markets. After recruiting appropriate firms, projects using the dislocation aversion approach assisted the firm(s) using one or more of the following strategies:

Figure 4
AN OVERVIEW OF THE DCA DISLOCATION AVERSION PROJECTS

Project Name/Grantee (Amount)/Location	Firms Targeted/Participating	Goal/Strategy	Project Services/Activities	Outcomes Achieved
The "Hummer Project" Workforce Development Services (WDS) of Northern Indiana ($500,000) AM General in South Bend, Indiana and suppliers within a 200 mile radius	AM General, manufacturer of the Humvee, a lightweight tactical field vehicle. 9 participants, including AM General and 8 of its suppliers	**Stabilize firm and prevent layoffs in response to declining military sales.** Assist AM General to change its culture to a market-oriented approach and reorganize work processes to become a high performance work organization (HPWO).	Consulting services to analyze work functions and introduce team processes in each corporate division. Training for workers in communication and teamwork skills. Training in hard technical skills training for some workers.	▸ Substantial progress by AM General in restructuring. Less evidence that suppliers made significant changes. ▸ Firm documented decreases in defects and costs and increases in productivity. Firm achieved increases in commercial sales. Planned layoff of 400 workers was averted.
International Association of Machinists and Aerospace Workers' DCA Demonstration IAM Lodge 727 ($500,000) Southern California, specifically Burbank and surrounding area in Verdugo County	Defense dependent firms with workers represented by IAM that were interested in conversion. Three firms participated. Participating firms included small and medium-sized second- and third-tier defense manufacturers.	**Support conversion efforts by promoting new partnerships between labor and management to reduce costs, increase productivity, and make workers skills more flexible** Assist firms in developing and marketing commercial products, as needed, and retrain workers to promote HPWO principles in the reorganized workplace.	Individualized services to meet needs of each participating firm, including business consultants to assist in developing diversification plan and firm-specific training in basic skills, specific occupational skills, and HPWO skills.	▸ Substantial training took place at two of three participating firms. ▸ One firm was dropped after the relationship between the project and the firm's top management deteriorated. Another firm dropped its plans to restructure after a turnover in top management.
Long Island Defense Diversification Project New York State Department of Economic Development ($852,647) Long Island, New York	Defense aerospace and electronics firms interested in becoming high performance work organizations (HPWOs). A total of 13 firms participated, ranging in size from 50 to 300 employees.	**Prepare defense-dependent firms to be more competitive in defense and commercial markets.** Assist firms to become high performance workplace organizations (HPWOs). Help local educational institutions to meet the training needs of these firms.	Assistance in the formation of labor/management teams. Consultant services to assess worker training needs. Training to support HPWO development.	▸ Capacity of local educational agencies increased. ▸ Project did not emphasize formal measurements of how training affected firm-level outcomes. ▸ Some firms made progress in increasing commercial sales.

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Figure 4 (*continued*)

Project Name/Grantee (Amount)/Location	Firms Targeted/Participating	Goal/Strategy	Project Services/Activities	Outcomes Achieved
Management Assistance and Technology Transfer Program (MATT) St. Louis County Economic Council ($933,815) St. Louis metropolitan area	Small and medium sized defense suppliers interested in conversion. A total of 19 firms participated, including a number of small family-owned firms in metal fabrication or allied manufacturing.	**Support the survival and conversion to commercial markets of defense-dependent manufacturing firms.** Provide ongoing support to management in planning for conversion and link firms to expert consultants who can help them with specific conversion and restructuring issues.	Ongoing consultations to firms on strategic plans for conversion. Assistance with self-assessment of company strengths and weaknesses. Consultant services on activity-based costing, manufacturing resource planning, and other procedures.	▸ Assisted 10 firms in completing assessments, and 16 firms with customized training. ▸ Some firms were proceeding to develop and market commercial products. In other firms, top management were not yet convinced that they needed to change the way they did business to survive.
Massachusetts Strategic Skills Program (SSP) Massachusetts Industrial Services Program ($864,986) State of Massachusetts	Small to moderate-sized defense manufacturing firms (under 500 employees) that were expecting declines in defense-related sales. A total of 20 firms participated.	**Support the stabilization and growth of defense-dependent companies that already have a strategic plan for conversion.** Help firms strengthen commercial performance and support conversion plans through training in high performance workplace skills.	Informational networking seminars for senior management. Assistance in developing training plans. Training grants with requirements for 100% firm match.	▸ Required firms to document progress toward specific objectives. ▸ Some, but not all, firms were able to document changes in work-unit performance. A number of firms grew total sales and reduced defense dependency. Some stabilized sales. Others lost ground in both defense and total sales.
Minnesota Defense Conversion Adjustment Demonstration Minnesota Department of Jobs and Training, now Minnesota Department of Employment Security ($444,142) Minneapolis-St. Paul metropolitan area	Alliant TechSystems, a defense prime contractor that designs and manufactures munitions; this firm was not interested in conversion.	**Help Alliant TechSystems preserve jobs by retaining its defense-related business.** Prepare at-risk assemblers for new jobs as entry-level machinists within the same firm. Enhance the skills of experienced machinists to enable them to perform short-run flexible production jobs previously assigned to outside suppliers.	Skills enhancement training to advanced machinists. Entry-level machinist skills training for at-risk assemblers. Training in general computer literacy and computer applications in the manufacturing workplace. Off-hours training in math, reading, and computer skills to all interested workers.	▸ Over 100 assembly workers were laid off during demonstration period. New machinist assistants were protected from layoff, at least in the short term. ▸ Although individual workers were expected to benefit from enhanced skills, training was not used to transform the way this company did business. However, advanced machinists were better able to perform setup and maintenance functions as a result of training.

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Figure 4 (*continued*)

Project Name/Grantee (Amount)/Location	Firms Targeted/Participating	Goal/Strategy	Project Services/Activities	Outcomes Achieved
Rhode Island Workforce Protection Program (WPP) Rhode Island Port Authority and Economic Development Corporation ($500,000) State of Rhode Island	Small to medium-sized DOD subcontractors or suppliers (under 100 employees) with at least 25% defense-related sales; firms interested in conversion. A total of 12 companies participated.	**Help targeted companies preserve present defense business and prepare for expansion into new markets.** Help companies use workforce training to become more competitive through the development and implementation of new technologies, work methods, products, or markets.	Help firms pay for training in a variety of content areas using a range of providers: existing classes at a public educational institution, customized on-site training , independent research projects to study market expansion options, and training of workers by experts within the firm.	▸ Some participating firms used training to support diversification efforts, others were less interested or less successful in transforming new worker skills into increased commercial business.
San Diego Defense Conversion Adjustment Demonstration San Diego Consortium and Private Industry Council ($470,660, of which $3,000 was devoted to "defense conversion roundtables") San Diego metropolitan area	Defense dependent companies of all sizes interested in information on potential applications for defense technologies in commercial industries. A total of 6 business roundtables were held, with attendance ranging from 6 to 40 firms.	Encourage transfer of defense technology to commercial sector by firms interested in diversification. Provide executives of defense companies with information about companies that had applied defense technologies to commercial markets.	"Defense conversion roundtables" targeted to high-level executives in defense-dependent companies: Invited guest speakers to talk about opportunities in six different industries. Informed companies about technical assistance opportunities.	▸ Roundtables were well attended. ▸ Few firms requested follow-up assistance with defense conversion.
Demonstration Project for the Conversion of Sargent Controls and Aerospace Pima County Community Services Department, Regional Reemployment Center ($749,622) Southern Arizona	A single firm participated in this project's first phase. During a second phase, the project served another 10 defense supplier firms with 50 to 500 employees, which were: (1) at least 25% defense dependent, (2) expected to be affected by DOD cutbacks, (3) were committed to change, and (4) were not "too far gone" to benefit from assistance.	Learn how to assist defense-dependent firms by working with a single firm. Help firms with conversion to commercial markets through a sequenced program of business and worker assessment, strategic planning assistance, and support for worker retraining.	Analysis of business strengths, weaknesses, and opportunities for commercialization. Identification of workforce retraining needs. Retraining in topics including marketing skills, manufacturing-based cost accounting, management sensitivity, statistical process control.	▸ Sargent Controls became committed to commercialization at a relatively late stage of participation. The firm achieved a reduction to 50% defense dependency, but mostly through purchase of a commercial company. ▸ It was too soon to tell if Phase II participants made progress in developing and marketing commercial products.

(1) Assessing the firm's strengths and weaknesses and opportunities for conversion or diversification.

(2) Developing detailed strategic plans for conversion or diversification, including developing financing for implementing the strategic plan.

(3) Reorganizing the workplace to implement improved technologies, more flexible production procedures, or transformed worker roles and responsibilities.

(4) Providing technical assistance and training to managers in marketing, reorganization of production, financial restructuring, record-keeping, and total quality management, as needed.

(5) Retraining workers in needed technical or high performance workplace skills necessary to help the firm compete in broader markets.

Like the community planning approach, the dislocation aversion strategy represented a substantial departure from traditional EDWAA approaches. To be able to turn around the financial status of a troubled firm, the dislocation aversion approach needed to (1) intervene early enough to be able to positively influence the firm's financial status and (2) provide or arrange for sophisticated management assistance to guide successful restructuring. A second important departure from mainstream EDWAA approaches was the focus on at-risk workers, as opposed to those who have already separated or received layoff notices.

Lastly, dislocation aversion strategies implied radically new types of training and target populations. Targeted workers included highly skilled engineers, managers, and business owners as well as production workers. To meet the needs of these workers, the dislocation aversion projects provided a broad array of training approaches and curricula. In addition to employer-customized occupational skills training (some of it in advanced technical fields), training was provided in statistical process control, advanced marketing techniques, just-in-time inventory and procurement, participatory management, total quality management, teamwork, and communications skills. Training of this scope is not unknown in Title III, but experience remains quite limited. Thus, the dislocation aversion projects offered the opportunity to test a variety of different designs for training highly-skilled at-risk workers, encouraging employer and worker participation in curriculum design, linking training to management consulting services, and developing on-the-job instructional methods.

FINDINGS FROM THE DISLOCATION AVERSION PROJECTS

PROJECT GOALS AND OBJECTIVES

In its announcement of funding availability for the DCA demonstration grants, USDOL indicated its interest in supporting retraining efforts to help avert layoffs that would otherwise have occurred in response to reduced defense spending. Emphasis was placed on early intervention services intended to prepare at-risk defense workers for the new jobs that would be created as their employers reorganized operations under a conversion or diversification plan. Hence, federal policymakers assumed: (1) that companies selected to receive grants under this program would have a plan for conversion/diversification; and (2) that retraining would be used to prepare workers for new jobs created as a result of commercial sales growth within these companies. The federal announcement also emphasized the importance of identifying measurable goals and outcomes that would aid in determining project effectiveness.

- ***Achieving Agreement About Conversion Goals***: It was important to ensure that participating firms were committed to the goal of diversification and were making a serious effort to diversify as a result of participation in the project.

- ***Using Project Services as Strategic Tools to Support Conversion Goals***: Projects were most successful when participating firms treated project services, including retraining, as strategic tools to further corporate goals and objectives. Training was most effective as a tool for change when it was linked to planned workplace restructuring as well as to a strategic conversion plan.

- ***Setting Realistic Time-Frames***: Projects were able to achieve their goals only if they recognized that it would not be possible to assist participating firms with the entire conversion planning and implementation process within an 18-month demonstration period.

- ***Relying on Firm Resources to Support Conversion Goals***: To achieve their conversion objectives, firms had to be willing to invest substantial resources of their own to ensure that retraining and reorganization efforts would be completed as planned during the demonstration period and would be continued beyond the end of the demonstration.

- ***Reaching As Many Firms As Possible***: To achieve economies of scale in training design and delivery, several projects grouped firms with common training needs. To reach additional

firms after the end of the demonstration period, projects also found it useful to institutionalize the local capacity to help firms respond to changes in their markets.

- ***Building in Accountability***: Projects, in most cases, put relatively little time or energy into helping firms develop specific, quantifiable objectives for their participation in the project. This made it extremely difficult to measure progress toward achieving objectives or to measure the effectiveness and benefits of training.

RECRUITMENT AND SELECTION OF FIRMS

Although actual recruitment and selection procedures varied widely across projects, depending on the number and types of firms targeted, there was widespread agreement on several key issues related to firm recruitment and selection, including the importance of assessing whether the firm was committed to change, the importance of ensuring whether there were sufficient public and private resources to complete the change process successfully, and the importance of a good match between project services and firm needs.

- ***Designing Effective Recruitment Procedures***: Recruitment efforts were most effective if they (a) included personalized face-to-face or telephone contacts between experienced project staff and top-level corporate managers, (b) built on existing relationships between private firms and public sector agencies, and (c) emphasized how participation could help firms achieve their strategic objectives.

- ***Assessing the Firm's Commitment to Change***: In selecting firms for participation, projects found it critical to assess whether a firm was committed to making the fundamental changes necessary for successful conversion.

- ***Balancing Firm's Level of Need and Its Ability to Support the Change Process:*** Although projects wanted to assist companies that really needed outside support, they found that it was also important to ensure that participating firms had the basic prerequisites for success.

- ***Matching Project Services and Firm Needs*:** Projects were most successful if they selected firms that were interested in and appropriate for the services they were planning to provide.

ORGANIZATIONAL ROLES AND RELATIONSHIPS

The DCA dislocation aversion demonstrations attempted to support defense-dependent firms by offering them financial as well as technical assistance with conversion. In so doing, the demonstrations helped to evolve new roles and relationships between businesses and the public sector and within businesses.

- ***Balancing the Public and Private Sector Roles***: Firms were most comfortable with the public-private partnerships when the projects offered technical assistance and facilitation as needed, but allowed the participating firms to control the details of planning and implementing services. As long as projects provided overall guidance, they were generally able to ensure that public sector goals were being furthered.

- ***The Importance of Defense Conversion Expertise***: Demonstration project staff were most likely to be well-received by participating firms if they were perceived as being able to help firms access high quality services. As long as public sector partners could provide this access, it was not necessary for them to have in-house staff with defense conversion expertise.

- ***The Importance of Being a Neutral Party in Management-Union Relationships***: Demonstration administrators were more effective if they were perceived as a neutral party with respect to the internal relationships between companies and their unions.

- ***Public Partners and Linking Training to Conversion Objectives***: Public sector partners had a particularly important role to play in ensuring that workforce retraining was used to further the larger goals of diversification/conversion and workplace reorganization in participating firms.

- ***Developing Partnerships Between Management and Workers***: Where full partnerships between management and labor evolved in support of defense conversion goals, they had the potential to transform a confrontation-oriented labor-management relationship into a collaborative relationship. Supported by a new sense of trust and purpose, the firms were then able to make rapid progress in reorganizing the workplace to support high performance objectives.

- ***Involving Stakeholders at All Levels of the Company:*** Projects were most successful when they involved all key stakeholders in plans to reorganize the workplace and undertake major workforce retraining. Involvement in planning and training by top company management, middle management, work supervisors, and workers led to stronger commitment to project goals by all stakeholders.

- ***Developing New Relationships Among Workers***: To take advantage of workforce training, firms needed to create opportunities for workers to apply their new skills as members of workplace teams. Some firms benefited from outside assistance in helping workers to practice their new skills in the workplace.

SERVICE DESIGN AND DELIVERY

The DCA projects supported a wide variety of business assistance and retraining services across the dozens of participating firms. In some instances participating firms took major responsibility for developing their own conversion plans and identifying their own training needs. Sometimes these firms had already identified specific courses they wanted to provide to their workers and specific training providers they wanted to use by the time they applied for project assistance. Other firms needed help at various stages of the service design and delivery process.

- ***Assessing the Firm to Support Strategic Planning***: Although firm assessments were sometimes extremely useful in helping the participating firms to understand their strengths and weaknesses, firms found them very time-consuming. Firms sometimes had a hard time understanding the relevance of assessments to the development of conversion, reorganization, and retraining plans.

- ***Assessing the Workforce to Support the Development of Training Plans***: To accomplish their purpose, assessments of worker needs need to (a) identify the workforce skills needed by firms to achieve their strategic plans, (b) identify the actual skills of current workers, and (c) identify training curricula needed to bring workers up to the required skill levels.

- ***Services to Help Overcome Resistance to Change***: Projects were more successful in overcoming resistance to conversion, reorganization, and retraining when they provided top and middle managers, work supervisors, and workers with an overview of company goals and objectives and described how the training process was designed to further these goals. Follow-up training for each group was also useful to teach stakeholders how they could support the change process within the firm.

- ***Tailoring Training to Meet the Needs of Individual Firms***: Across the many variations in training content, course designs, and training delivery modes, firms were best served if the training provider was able to customize the training content to address each firm's particular context and conversion/reorganization challenges.

- ***Applying Training of Sufficient Intensity and Duration***: Projects found that training was most effective when it was scheduled over an extended period while providing ample opportunities for participants to apply their new skills in the workplace.

- ***Selecting Whom to Train Based on Strategic Business Needs***: Training was most effective in furthering company goals when individuals were selected for training based on the strategic business needs of the company.

- ***Mixing Specific Technical Skills and Generic HPWO Skills Training***: Some projects discovered that firms also needed to provide technical training in specific occupational skills prior to or in concert with training in high performance workplace skills if they were to succeed in tying training to their plans for conversion.

STRATEGIES FOR SUCCESS FOR DISLOCATION AVERSION PROJECTS

Support Training Linked to Conversion and Workforce Retention Objectives

- Encourage participating firms to treat retraining as a strategic tool to support corporate goals and objectives.
- In planning timelines and goals for public-private partnerships, recognize that defense conversion is a long-term effort.
- Recognize that public funding will not be sufficient to accomplish conversion goals without substantial investment of the resources of the participating firms.
- To ensure accountability and confirm progress, require participating firms to set measurable objectives and document progress.
- Approach private-sector partners in a business-like manner and with an appreciation for the company point of view.

Target, Recruit, and Select Appropriate Firms

- Use senior project staff with business experience in outreach efforts.
- Target recruitment efforts to top-level company executives.
- Emphasize the strategic advantages of participation.
- Assess whether interested firms are genuinely committed to the fundamental changes necessary for conversion.
- Select companies that have sufficient financial stability, management commitment to conversion, and commitment to training objectives to overcome implementation difficulties with a high probability of success.
- Choose companies that want and can benefit from the available services.

Develop a Training Approach that Addresses the Needs of the Targeted Firms

- Provide guidance in overall service designs and strategies, while offering firms the ability to control the details of planning and implementing services.
- Develop the capacity to help link firms to high quality business assistance and retraining services.
- Ensure that training is used to further the larger goals of diversification and workplace restructuring.
- Recognize that firms may need to provide technical skills training in combination with training in high performance workplace skills if they are to succeed in supporting their plans for conversion.

Continued

- **Support Firms in the Design and Implementation of Their Conversion Efforts and Training Activities**
  - Encourage firms to involve all key stakeholders, including top managers, middle management, work supervisors, and workers in the design and oversight of project activities.
  - Encourage firm and worker skills assessments that provide useful information to guide strategic planning and the design of retraining for workers.
  - Encourage firms to work closely with training providers to develop customized training designs that address the firm's specific context and conversion and reorganization goals.
  - Encourage firms to provide all stakeholders with an overview of company goals and objectives and how the training process will further these goals.
  - Encourage firms to provide opportunities for workers to apply their new skills immediately in the transformed workplace.
  - When necessary, encourage firms to get outside assistance in nurturing and facilitating new work relationships.

- **Encourage Firms to Continue Change Efforts Beyond the Demonstration Period**
  - Promote networking among firms to achieve economies of scale in training design and delivery.
  - Encourage firms to develop the capacity to continue training and conversion efforts after the end of the project.

THE WORKER MOBILITY APPROACH

At the individual worker level, dislocated and at–risk defense workers, separated military personnel, and laid-off civilian DOD employees need to prepare for jobs in the non–defense sector. These workers are often characterized by:

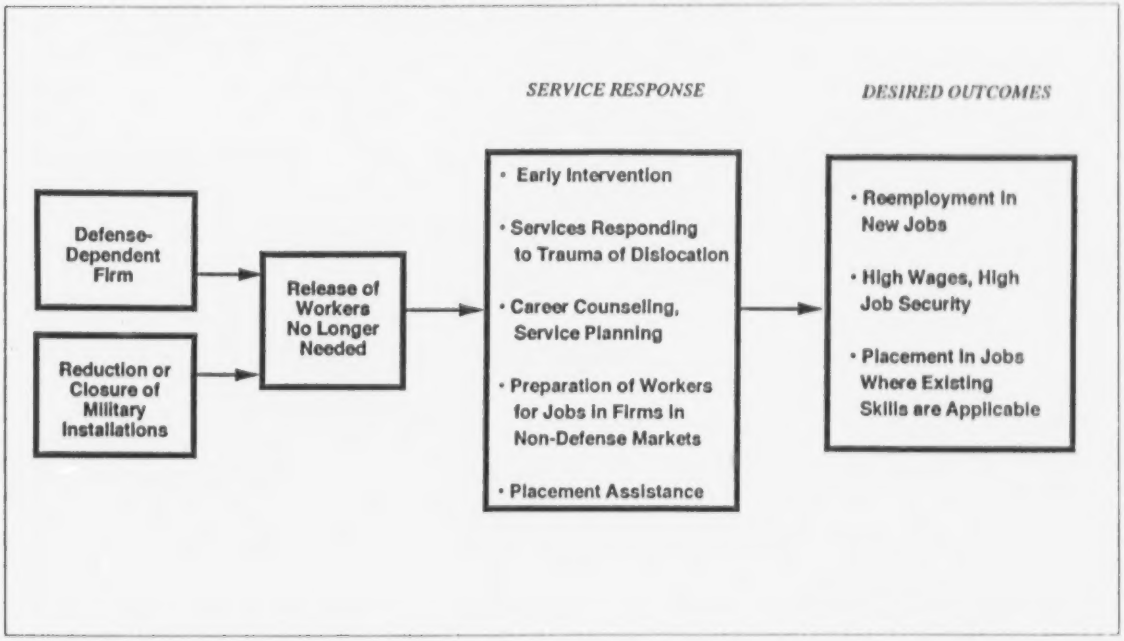
- Relatively high levels of education and technical skills.
- Relatively older ages and higher levels of unionization than other manufacturing workers.
- High wages, as much as 25 percent above "market value" in other industries.
- Manufacturing skills that are increasingly obsolete.
- Extensive job–related experience and training that may not be reflected in formal educational credentials.
- Familiarity with a defense industry corporate culture that emphasizes bureaucratic top–down decision making rather than participatory work teams, and technical specificity over cost control and efficiency.
- A lack of information about non-defense occupations and employers.

In their search for new jobs, some workers need help in areas such as job search assistance or short-term skills training. Others need to learn new skills to prepare them for new careers. In areas with high concentrations of defense-dependent firms or military bases, dislocated defense workers sometimes face job markets with limited reemployment opportunities, or saturated with experienced job seekers possessing similar skills. In such cases, workers are forced to consider relocating or seek new jobs that may or may not build on their existing skills.

The worker mobility approach was designed to respond to the specific readjustment needs of defense industry workers who had already lost their jobs. Figure 5 depicts the general worker mobility approach. Eight of the DCA demonstration projects carried out activities designed to help dislocated defense industry workers find new jobs. Figure 6 summarizes the key features of these projects. Although the worker mobility demonstrations shared their general approach with the Title

III program, the DCA demonstrations were intended to test new and innovative ways of increasing mobility for workers affected by the defense drawdown.

Figure 5
WORKER MOBILITY APPROACH


SERVICE RESPONSE
DESIRED OUTCOMES
Defense-Dependent Firm
Reduction or Closure of Military Installations
Release of Workers No Longer Needed
• Early Intervention
• Services Responding to Trauma of Dislocation
• Career Counseling, Service Planning
• Preparation of Workers for Jobs in Firms in Non-Defense Markets
• Placement Assistance
• Reemployment in New Jobs
• High Wages, High Job Security
• Placement in Jobs Where Existing Skills are Applicable

After identifying a group of workers laid off from defense-related employment, the worker mobility approach sought to intervene as soon as possible to help affected workers obtain re-employment in high-quality jobs offering high wages, benefits, and job security. Projects using the worker mobility approach attempted to assist workers using a number of strategies, including:

(1) Responding to the crisis-adjustment needs of dislocated workers by providing personal and family counseling, financial counseling, and stress-management services.

(2) Assessing individual skills and interests, identifying employment barriers and transferable skills, and assisting workers in the development of individual employment goals and strategies.

Figure 6

AN OVERVIEW OF THE DCA WORKER MOBILITY PROJECTS

Grantee/Project Area	Strategy/Goal	Target Group	Key Features/Activities	Key Outcomes
International Association of Machinists and Aerospace Workers (IAM) Defense Conversion Demonstration IAM Lodge 727 ($500,000) Burbank, California	Assist in the reemployment of dislocated defense workers	Dislocated defense industry production workers with experience with composite materials	▸ Provide training for skills identified by local employers in emerging technologies ▸ Develop job opportunities for participants by working closely with potential employers	▸ Recruited about 20 potential employers ▸ Trained about 50 workers in composite materials ▸ Number of placements unknown
San Diego County Defense Conversion Adjustment Demonstration San Diego Consortium and Private Industry Council ($470,660) San Diego, California	▸ Assist defense workers to find replacement jobs ▸ Assist defense workers to start new high-tech businesses	Dislocated defense workers, including those with high-tech skills	▸ Deliver services to dislocated workers, including high-tech entrepreneurial training, TQM skills training, and 3-dimensional drafting software	▸ Provided entrepreneurial training and support to 19 defense workers, 18 of which started enterprises ▸ Trained 145 workers in either TQM or CATIA, and placed at least 70%
Center for Commercial Competitiveness (C3) ($452,269) State University of New York Binghamton, New York	Assist defense workers to start up new businesses or find replacement jobs	Dislocated defense workers with professional or technical skills	▸ Classroom training in self-directed teamwork and commercial competitiveness ▸ Support for project teams to develop new businesses or contract with local firms	▸ 45 participants completed ten weeks of training in commercial competitiveness ▸ Some teams completed projects in collaboration with local firms
Military Certification Project (MilCert) University of Clemson ($967,891) Clemson, South Carolina	Assist military personnel to become teachers in South Carolina	Separating military officers and enlisted personnel	▸ Assist in completing prerequisites for Clemson University's teacher certification program ▸ Assist in placing participants in paid internships in South Carolina schools	▸ Responded to 2,200 phone inquiries from potential applicants ▸ Evaluated 524 transcripts ▸ Enrolled 32 ▸ 10 participants completed teacher training and began internships

Figure 6 ***(continued)***

Grantee/Project Area	Strategy/Goal	Target Group	Key Features/Activities	Key Outcomes
Project Earn McDonnell Douglas Aerospace East ($497,249) Titusville, Florida	Assist laid-off employees from McDonnell Douglas to find replacement jobs	Production workers and managers laid off from McDonnell Douglas' Titusville facility after cancellation of Advanced Cruise Missile Program	▸ Provide basic readjustment services, including assessment, career counseling and job search assistance ▸ Provide short-term training to upgrade skills	▸ Enrolled 281 participants ▸ Terminated 199 participants ▸ Placed 109 in jobs ▸ Average placement wage 81% of pre-layoff wage
Operation StepOut Arizona Governor's Office for Women ($846,770) Tempe, Arizona	Assist participants' transition to non-defense employers and affect change in "sexist" corporate culture	Well-educated and/or highly skilled women dislocated or at risk of dislocation from defense sector	▸ Assessment, career counseling, job search assistance services ▸ Seminar on gender issues ▸ Access to career networking group	▸ 505 women participated ▸ Improved participant job search and career awareness ▸ Little or no effect on increasing employment of participants
Alternative Fuels Training Project Texas Railroad Commission ($480,979) Dallas-Ft. Worth, Texas	Train and place dislocated defense workers in emerging high technology occupation	Workers with automotive skills dislocated from Dallas - Ft. Worth area defense contractors	▸ Support development of curriculum ▸ Provide skills training ▸ Assist in certification process ▸ Assist in placement of participants	▸ Enrolled 123 workers (82% of modified objective) ▸ Placed 94 participants, 24 as alternative fuels technicians ▸ Developed and won certification of training package
Minnesota Defense Conversion Adjustment Demonstration Project Minnesota Department of Jobs and Training ($444,142) Minneapolis, Minnesota	To increase reemployability of at-risk defense workers in one at-risk defense firm	At-risk assembly line workers at Alliant TechSystems	▸ Provided training and skills upgrading to workers at risk of layoff to enhance their chances for reemployment	▸ Prevented layoffs of some workers due to their participation in training

(3) Identifying occupations in the economy that can absorb the skills of dislocated workers and assisting workers to prepare for these jobs through skills certification, short-term skills enhancement, or longer-term retraining.

(4) Assisting interested individuals in starting small businesses or joint ventures aimed at transferring technology developed in the defense sector to commercial applications.

(5) Training workers in the cultural and organizational differences between defense-oriented and commercially-oriented workplaces (e.g., training in high performance workplace skills).

(6) Assisting workers to market their defense/military work experience to commercial employers.

(7) Assisting workers to identify job opportunities in other geographic regions and plan for relocation.

Opportunities for innovation under the worker mobility demonstrations included the ability to experiment with new and different organizational arrangements for project administration and service delivery, new approaches to preparing workers for emerging or "niche" occupations and different strategies to deal with the unique problems faced by former defense workers seeking new employment.

FINDINGS FROM THE WORKER MOBILITY PROJECTS

PROJECT GOALS, OBJECTIVES, AND ORGANIZATIONAL ROLES

Several projects formulated clear goals and objectives in their original proposals, but included some goals that were highly unrealistic and probably identifiably so even before the projects got underway. These projects, therefore, were "doomed" to serious problems from the beginning, and could have benefitted from early intervention and assistance from proposal reviewers in developing reasonable goals that were consistent with the national demonstration's goals.

- ***Grounding Goals in Known Labor Market Conditions***: Conducting careful research of the local economic and labor market conditions, including assessing the number of potential applicants, the hiring needs of local employers, and the trends in growth occupations and their skills levels was a difficult task for the projects. The unfortunate result of inadequate

information was that many projects were ultimately unable to offer a fair test of their strategies due to lack of sufficient enrollments.

- ***Importance of Experience Working with Dislocated Workers***: Active involvement of agencies with significant experience operating employment and training programs was also correlated with project success. First-class employment and training services can be delivered quite competently by non-JTPA funded organizations that have such experience.

- ***Building on Existing Services***: Projects that carefully built on and complemented existing employment and training services were generally more effective than projects that tried to replace or compete with them.

- ***Working with Organizations Outside of the Employment and Training Community***: Projects that prepared workers for new careers benefited from the active involvement of key project partners with close organizational linkages to the occupations or industries targeted for the new careers. The benefit was greatest if these partnering organizations were as concerned with placement as they were with training.

RECRUITMENT AND SELECTION OF PARTICIPANTS

Outreach and recruitment turned out to be the single greatest challenge for the DCA projects and for other programs serving dislocated defense workers. Most projects had difficulties enrolling as many participants as they expected. In most cases these projects had not conducted careful research of the local labor market and were therefore surprised when their target group seemed smaller than previously thought or had a different set of skills. But even projects that *had* conducted careful labor market analyses sometimes faced serious difficulties attracting the expected number or type of participants.

- ***Forecasting the Size and Characteristics of the Target Population:*** Many projects seriously overestimated the number of workers likely to need or want their services. The evaluation showed that the first step in designing an effective worker mobility project is to set reasonable enrollment goals and carefully define the target population.

- ***Responding To Changes in Layoff Schedule***: Some projects set enrollment goals that were based on labor market conditions or base-closure schedules that changed in unforeseen ways over the course of the project. Because it was difficult to predict the timing and extent of layoffs and changes in labor market conditions, projects that had the flexibility to alter and

adjust their outreach strategies and services were more responsive to real needs than those that were less flexible.

- ***Getting the Word Out to Workers in Denial***: Even when in need of services, defense workers often were reluctant to accept assistance. Projects therefore had to create new and more aggressive outreach strategies to recruit members of this population.

DESIGN AND DELIVERY OF NON-TRAINING SERVICES

The projects studied in the worker mobility category offered a wide range of services designed to assist dislocated defense workers in finding new jobs as well as test new service delivery arrangements. Most projects offered a blend of "basic readjustment services" (e.g., career counseling, skills assessment, and job search assistance) and occupational skills training or retraining. Some projects emphasized one over the other. A challenge for all projects was to find the right mix of basic readjustment services and training for their particular target group.

- ***Developing New Models of Basic Readjustment Services***: With some exceptions, the needs of most former defense workers are not greatly different from the needs of their counterparts in the commercial sector. For this reason, projects found that identifying new or innovative models of basic readjustment services specifically designed for dislocated defense workers did not need to be a high priority. However, participants still needed basic job search skills and assistance.

- ***Providing Support Services***: Projects rarely built supportive services into their own program designs or budgets in part because many dislocated defense workers received severance pay and/or UI benefits. The lack of supportive services, however, was often a serious barrier to successful participation for many dislocated defense workers.

- ***Helping Workers Relocate to New Areas***: Relocation is often the best alternative for dislocated workers in some regions. When projects presented relocation as an attractive, serious option and assisted movers with information, resources, and financial support, workers were more likely to try this alternative.

DESIGN AND DELIVERY OF TRAINING SERVICES

All but one of the DCA grantees offered some type of occupational skills training to their eligible participants. The type, intensity, and duration of training varied widely, but fell into one of three broad types of skills training: general skills training designed to improve the overall employability of workers; specific skills training designed to equip workers with the particular skills needed to find work in specific "niche occupations" identified by the project; and entrepreneurial skills training, designed to prepare workers for starting their own businesses.

- ***Matching Services With The Realities of the Local Labor Market***: In healthy labor markets, short-term skills enhancement training and job search assistance can shorten unemployment spells. However, in tight labor markets far more intensive assistance is usually required.

- ***Identifying Emerging Occupations Using Employer Surveys***: Although several projects surveyed local businesses to identify future labor needs, they found that employers may not be the best source of information on this topic. Projects had practical difficulties fielding successful surveys, and found the usefulness of such surveys or focus groups mixed.

- ***Predicting Emerging Industries Based on Legislative Action***: Counting on future passage of legislation to create new careers or increased demand for certain types of skills was risky. Projects gambled on the passage of clean air legislation and lost the bet when such legislation was canceled or delayed.

- ***Anticipating Job Openings by Working With Individual Employers***: Providing customized skills training for stable, growing employers can be an effective strategy for job training programs. However, some projects relied too heavily for placements on employers who themselves were facing highly uncertain and volatile times.

- ***Identifying Growth Areas and Future Labor Needs in Conjunction With Regional Economic Planning***: Projects preparing workers for new careers benefited from close linkages with the organizations or industries connected with the new careers. Employment and training programs that link their strategies with statewide economic goals are particularly successful in identifying the emergence of new occupations.

- ***Entrepreneurial Training: Not An Option for Everyone***: Job training programs sometimes include entrepreneurial training as a "menu item" along with a number of other training options, and realize too late that this option may not be appropriate for all dislocated workers. The DCA projects also found that helping workers start their own businesses required very different forms of assistance than providing mainstream job training.

- ***Using Linkages With Existing Businesses to Help Entrepreneurs***: Project designs that involved existing business owners and managers in critiquing business start-up plans, providing assistance with particular aspects of business development, and providing "hand-holding" or mentoring during the start-up phase were crucial elements of successful entrepreneurial programs.

STRATEGIES FOR SUCCESS FOR THE WORKER MOBILITY PROJECTS

- Projects need to be sure that the local labor market is healthy enough to support its service strategy. In particular, if the local labor market is inundated with dislocated defense industry engineers or manufacturing workers, direct job search assistance and short-term training are likely to produce disappointing reemployment results.
- Projects need to coordinate closely with the regular EDWAA service delivery system to be sure that they are not just duplicating services already available and to take full advantage of the substantial expertise these programs have in serving dislocated workers.
- Projects need to be very sure that the training they offer is in skill areas that are in-demand by local employers and that the training provided will be sufficient to make training graduates competitive with other job seekers.
- In choosing new occupations to market to dislocated defense industry workers, it is important to pick occupations that build on the interests and transferable skills held by a sizable subgroup of these workers.
- In identifying new occupations to train dislocated defense workers for, it is important to be aware of state or regional economic goals and try to link training with these goals.
- In selecting participants for training for a particular new career, it is important to pick individuals whose abilities, interests, and wage goals are a good match for the targeted occupation.
- In recruiting participants, projects must provide realistic information about the working conditions and compensation for jobs available in the targeted field.

CONCLUSIONS

In planning for the DCA Demonstration, DOL and DOD hoped to learn how to facilitate and support the economic adjustment process necessitated by reductions in defense spending. By providing funding with a minimum of regulatory constraints and encouraging locally initiated project designs, the federal agencies concerned with defense conversion hoped to elicit project proposals that

would: (1) test innovative designs, (2) act as catalysts for change, (3) create new organizational partnerships, and (4) promote effective outcomes.

PROMOTING INNOVATION

The announcement of the DCA Demonstration emphasized that innovation was a pivotal goal of the demonstration. The relative absence of administrative rules and regulations for this program was intended to give each grantee enough flexibility to try new designs in responding to the defense drawdown. It was hoped that innovations tested by demonstration grantees would have future applicability not only in the defense conversion context but also in broader contexts.

The community planning projects were exciting tests of what happens when human resource planners were able to join the dialogue or even lead planning activities to support economic revitalization efforts. The effort to place workforce development issues at the heart of the community planning process succeeded in enriching the planning process in several communities. In the community planning projects in Seneca County, New York; Charleston, South Carolina; the New England region; and Philadelphia, the involvement of employment and training agencies and providers helped to ensure that the skills of the labor force and the local workforce training resources were considered strategically to support economic development goals.

For the dislocation aversion projects, the idea of linking workforce retraining to the processes involved in firm-level strategic planning and workforce reorganization was particularly innovative. The dislocation aversion projects took advantage of the relaxation of expenditure limits to use demonstration funds to support a broad range of activities, such as assessments of company strengths and weaknesses, assessments of needed workforce skills, and business consultation services. The breadth of the demonstration-funded activities appears to be one of the greatest strengths of the dislocation aversion projects. Preliminary information about project outcomes indicates that these links between training, strategic planning, and restructuring were fruitful. While it was difficult to measure the precise extent that training contributed to increased productivity and/or sales, a number

of firms experienced increases in commercial sales and avoided layoffs, and attributed these changes, at least in part, to their involvement in the demonstration.

The worker mobility projects, on the whole, were less innovative than the projects testing either community planning or dislocation aversion strategies. In some cases, attempts to implement innovative designs were hindered by inaccurate assumptions about the labor market or the number and characteristics of the target group. Nonetheless, the worker mobility projects were not without innovative elements, including training groups of dislocated workers for "niche" and emerging occupations and supporting "high-tech" entrepreneurship and business spinoffs as a strategy to create new jobs.

All of the DCA projects benefited from the technical assistance they received from DOL staff. At its best, this assistance fostered and supported innovation, while helping the projects keep their objectives well aligned with DOL's goals for the demonstration as a whole. A lesson that emerged from observing the relationships between the individual projects and DOL was that projects that receive assistance in clarifying their goals and encouragement to test innovative but realistic strategies tend to thrive, while those that are either left alone or are "over-monitored" experience difficulties, both in their communications with DOL and in operating successful programs.

Using Project Funds as a Catalyst to Promote Change

Because the economic adjustments necessitated by defense spending cuts are extensive and the public funds available to support defense conversion are limited, another goal of the DCA Demonstration was to use the available funding in ways that could stimulate further public and private investments. In addition, the federal agencies interested in defense conversion wanted to identify opportunities for public investment that would provide the greatest return to the taxpayer. This necessitated a careful balancing act on the part of the demonstration projects and DOL: selecting workers, firms, and communities that did not have sufficient skills or resources to complete successful transitions on their own, yet had the potential for achieving successful outcomes, given the available assistance.

Summary of Findings

It was highly unlikely that the community planning projects could have accomplished what they did without the infusion of DCA funding. Although planning of some kind occurred in all communities facing BRAC closures, the type, intensity, and success of that planning was deeply influenced by the active involvement of the employment and training community. The DCA grants were usually not catalysts for initiating a planning process, but at their best, sparked and fostered new, fruitful linkages between economic development and workforce development entities and activities.

For the dislocation aversion projects, access to demonstration funding and expert advice provided a particularly effective catalyst for change in highly defense-dependent firms that were serious about entering commercial markets. Although most firms indicated that they would have pursued change on their own without the demonstration, they said that changes would have been slower and more modest without demonstration support for business consultations and workforce retraining.

Several dislocation aversion projects sought to leverage additional resources to serve firms not directly involved in the demonstration. Strategies to "seed" similar processes in other firms included efforts to establish information sharing and training networks among firms with common interests and needs or between firms and their suppliers. Strategies explored by some projects to continue operations beyond the demonstration period included securing additional public funds and offering services to firms on a fee-for-service basis.

The worker mobility projects had limited success in leveraging additional resources. Indeed, attempts to leverage additional public funds even created problems for some worker mobility projects when these funds failed to materialize. Other projects hoped to become "catalysts for change" by functioning as replication models for other programs throughout the country. Unfortunately, these projects could not point to clear successes and their attempts to prompt similar efforts elsewhere received little attention.

BUILDING NEW ORGANIZATIONAL PARTNERSHIPS

Another difference between the DCA projects and the more traditional DOL activities was the greater organizational flexibility given the projects to select administrators and form partnerships among a wide variety of organizations to design and implement services. Responding to the challenge, DCA projects created new relationships rarely seen in the employment and training world both at the state and local levels. Across all approaches, the demonstration projects benefited substantially from the involvement of "nontraditional" project partners.

The community planning grants caused the employment and training organizations that led them to develop new collaborative relationships with other organizations and institutions in their communities. Nearly all of the projects worked closely, often for the first time, with their local economic development agencies in their efforts to research, formulate and select strategies to respond to the adverse impact of the closure or mass layoff. Some projects approached and partnered for the first time with the educational community, business organizations, chambers of commerce and worker organizations. Project leaders learned how to work with military entities and identified new sources of expertise in their communities in both the private and public sectors. In short, the community planning projects galvanized the employment and training community to move well beyond their traditional boundaries as they sought to facilitate an inclusive, consensus-building planning process. These new relationships will, to the extent that they last, continue to enhance the quality of employment and training programs, as well as the activities and agendas of other community organizations and social service programs. These new linkages will be particularly useful as the job training world begins to move towards consolidation and greater coordination.

For the dislocation aversion projects, the active involvement of labor unions, company management, and business consultants brought together skills and perspectives that made possible the integration of firm-level conversion efforts and workforce reorganization/retraining initiatives. Project partners were convinced that the joining of forces in an integrated approach to strategic change at the participating firms was far more effective than treating workforce retraining within firms as an isolated process. In some projects, the demonstrations also fostered the development of new

labor-management partnerships that transformed the traditional conflict-based relationship into a cooperative partnership to achieve common objectives (survival for the firm and stable employment for the workers).

For the worker mobility projects, new project partners—including universities and economic development groups—benefited projects by helping identify occupations that seemed appropriate for reemployment of dislocated defense workers, as well as designing curricula to meet industry needs for skilled workers in the targeted occupations.

ACHIEVING DESIRED OUTCOMES

Isolating the effect of the funded demonstration activities on outcomes was difficult due to the importance, complexity and extreme variation of the contexts in which the demonstrations operated and the absence of any comparison sites or groups of participants to determine what would have happened in the absence of the demonstrations.

Measuring outcomes was especially challenging for the community planning projects. Measuring community-level impacts, such as whether planning activities led to a reduction in the number of businesses likely to leave the impacted area, was beyond the scope of this evaluation. Further, isolating the effect of the DCA-funded demonstration activities on outcomes as compared to, for example, coexisting or subsequent OEA-funded planning activities was close to impossible since these two activities were often closely integrated. Despite these difficulties of measurement, most of the DCA projects met the objectives they set out to achieve, and appeared to make a difference in their communities. The community planning projects in Charleston, South Carolina, the New England region, and Seneca County, New York formulated plans for the future development of their communities as well as strategies suggesting how to realize those plans. These projects successfully developed new and innovative strategies in planning for base closures. The other two community planning projects (Philadelphia and Merced) settled for addressing narrower planning issues rather than embracing the difficult challenge of linking human resources and economic development planning. The Philadelphia community planning project got sidetracked as it tried to

meet the immediate employment and training needs of displaced workers. The Merced County, California project never had clear objectives or sufficient funding to meet community planning objectives.

The dislocation aversion projects documented widespread successes in recruiting firms that were in need of assistance with defense conversion and delivering services to assist firms with identified gaps in their conversion process. While documentation of other outcomes was hampered by a number of factors including concerns about confidentiality, inability of systems to measure improvements in worker productivity and product quality, and lack of sufficient time to register longer-term changes in overall revenues, available data suggested that most participating firms did achieve their objectives. Firm sales either grew or remained stable during the demonstration period and immediately after, short-term layoffs were averted, and a number of projects succeeded in entering new markets. The strongest evidence of layoff aversion occurred in the case of AM General, which avoided a planned layoff of 400 workers by transferring workers from its traditional defense division to divisions serving new commercial and defense markets.

All of the worker mobility projects identified measurable outcomes in their proposals, and at least one measure of their success as demonstration projects was their ability to place participants in good jobs. The worker mobility projects were not notably successful in placing displaced defense workers in jobs. The reasons for this were mixed: some projects faced extremely adverse labor markets, and underestimated the amount of skills training former workers would need to become sufficiently attractive to employers. Other projects placed very few participants in jobs simply because they were unable to enroll very many participants. Finally, some projects achieved modest outcomes because they operated programs that were poorly matched to the needs and skills of the target population and/or the realities of the local labor market. The worker mobility projects, of course, were not without their success stories. Project Earn placed former defense workers in jobs with unexpectedly high wages. The entrepreneurial program in San Diego achieved an outstanding small business start-up rate. Operation StepOut caused a statistically significant positive impact on women's career awareness and self-confidence. Several workers at Alliant TechSystems survived layoffs because of the classroom training they received.

POLICY IMPLICATIONS

Like any major experiment, the DCA Demonstration contained both successes and failures. When the Department of Labor requested proposals for these grants, it deliberately invited applicants to "break out of the traditional mold." Project designers responded by taking risks in how they set goals, formed partnerships, selected target groups, designed interventions, administered services, and monitored their own progress. Risk-taking leads to mistakes, and this demonstration included its share of mistakes. But risk-taking also leads to new knowledge, new models, new lessons.

The Department of Labor has never been directly involved in community planning at the local level to the extent that it was in this demonstration. Perhaps one of the key policy questions that emerges from this demonstration and evaluation is to what extent the Department of Labor should continue supporting activities that focus on community planning, rather than delivery of workforce development services. The experiences of the planning projects demonstrated that employment and training organizations are eager and willing to engage in long-term planning, and are important resources for long-term community planning though they are often left out of this process. When given the opportunity, local PICs, job training providers, and state-level Title III officials can, in collaboration with other agencies, help to create and implement long-term strategies to avert or address economic crises.

The lessons learned from the dislocation aversion projects are highly relevant to the current era of rapid restructuring of markets in response to global competition and new production technologies. The primary lesson suggested by the dislocation aversion projects is that by encouraging firms to invest in training incumbent workers as a readjustment strategy, the public sector can simultaneously help companies stabilize and increase their sales and help workers retain their jobs and enhance their skills. As one project spokesperson said, "This is the key: getting companies to see that training investments that enhance long-term revenue growth are a better investment in the survival and growth of the firm than other strategies that might enhance short-term profitability." Agencies fielding the dislocation aversion projects suggest that these insights are

generalizable to the adjustment needs of a wide variety of firms facing restructured markets in the future.

The lessons learned from the worker mobility projects are also highly relevant in this era of workforce development and employment and training reform. The DCA Demonstration provided a number of useful lessons on how to design projects to support economic conversion goals, promote high quality re-employment for individuals, and link worker mobility efforts to initiatives to promote long-term job creation and job growth in local economies.

Although the worker mobility projects attempted to be innovative, for the most part, they did not improve on the service delivery designs currently in operation in the Title III dislocated worker system. None of the DCA worker mobility projects was more effective than the average Title III program, as measured by standard indicators of success such as the percentage of participants who completed training, percentage of participants placed, or average wage at placement. Furthermore, the projects that were most successful, whether they were innovative or not, were those that were operated by organizations such as Title III agencies or JTPA operators that had substantial experience serving dislocated workers. This observation underscores the need for continued funding of employment and training programs at a level that is adequate to promote high quality services and outcomes, without "reinventing the wheel". Our study also suggests the importance of maintaining a reserve of discretionary funds to permit local areas to respond to the extraordinary dislocations that are a result of major structural changes such as, but not necessarily limited to, defense downsizing.

Fact Sheets on DCA Projects

FACT SHEET: DEMONSTRATION PROJECT

CASTLE AIR FORCE BASE COMMUNITY PLANNING PROJECT

Project Location	Merced County, CA	*Grantee*	State of California Title III Office
Type of Approach	Community Planning	*Project Administrator*	Merced County Private Industry and Training Department; Merced County Department of Economic and Strategic Development
Period Covered by Grant	November 1992–April 1994		
Grant Amount	$56,000	*Key Contact*	Terry Easley, Project Manager, Merced County Department of Economic and Strategic Development
Geographic Area	Merced County		

Context

In 1991, the Base Realignment Commission (BRAC) recommended Castle Air Force Base (CAFB) for closure by the fall of 1995. The impact was expected to be devastating on the local economy: Merced County, largely rural and impoverished, had already been classified as "long-term economically deteriorated" by the Department of Commerce because of its chronic 15–20% unemployment rate. CAFB was one of the few providers of high-quality jobs; its closure was expected to displace over 16,000 individuals and remove over $100 million from the local economy.

Primary Goals

The Defense Conversion Adjustment (DCA) planning grant supported efforts to develop a coordinated strategy to mitigate the effects of the base closure on the Merced County business community. The project sought to:

- Research and prepare a report identifying economic development options for local communities affected by the base closure.
- Prepare and implement a county-wide strategic plan for linking private sector firms with new business opportunities in government contracting or international trade; training for a total of 80 firms in these areas would follow.

Key Players

- **The State of California Title III Office** — Formal DCA grantee.
- **Merced County Private Industry and Training Department** — Agency responsible for oversight and monitoring of the project.
- **Merced County Department of Economic and Strategic Development** — Primary administrative agency.
- **Subcontractors** — A variety of subcontractors assisted in data collection and outreach/training on international trade opportunities.

Significant Outcomes

- Preparation of a report identifying strategies for local economic development.
- 50 businesses affected by the base closing received information about international trade opportunities; 31 received instruction in government contracting.

FACT SHEET: DEMONSTRATION PROJECT

THE CENTER FOR COMMERCIAL COMPETITIVENESS (C3)

Project Location	Binghamton, NY	*Grantee*	The Research Foundation of State University of New York (SUNY) at Binghamton
Type of Approach	Worker Mobility	*Project Administrator*	The Center for Commercial Competitiveness (C3)
Period Covered by Grant	November 1992-April 1995	*Key Contact*	William Klish, former Program Executive
Grant Amount	$452,269	*Geographic Area*	The Southern Tier Region of New York State

Context

The Southern Tier region is home to numerous large multinational defense and non-defense firms. Corporate restructuring in the late 1980's resulted in substantial downsizing by major employers. Subsequent cuts in defense spending exacerbated regional economic tensions. Prior to massive reductions in Department of Defense contracts, the region had the tenth highest concentration of defense-dependent manufacturing firms in the U.S. Between 1989 and 1991, defense spending in the region decreased from approximately $570 to $342 million, resulting in substantial job loss.

Primary Goals

C3 was conceived as a coordinated response to a regional crisis, addressing the needs of firms and dislocated or at-risk workers. The project sought to:

- Revitalize the Southern Tier economy through a public-private partnership.
- Design and administer training in commercial competitiveness and entrepreneurial skills to dislocated defense workers.
- Assist firms in exploring new markets and increasing their competitiveness.
- Assist entrepreneurial participants in starting small businesses, ideally through joint ventures with existing firms.

Key Players

- **C3** — Administrator of the program, including recruitment of participating firms and individuals and delivery of training.
- **Private Industry Representatives** — Several firms participated in the planning stages of the project; a few were involved in ongoing project activities.
- **Public Agencies** — the impetus for C3 came from two county-level public agencies; several local boards and associations and university-based staff were involved in the project's early planning and organization.

Significant Outcomes

- Forty-five participants completed 10 weeks of training in commercial competitiveness; 34 completed the entire training program.
- Participants formed project teams and some completed team-based projects in collaboration with local firms.
- The successful launch rate of the new team-based ventures was limited.
- Some participants pursued entrepreneurial activities using new skills.

FACT SHEET: DEMONSTRATION PROJECT

CHARLESTON COUNTY NAVAL COMPLEX COMMUNITY PLANNING PROJECT

Project Location	Charleston County, SC	*Grantee*	Employment Training Administration (ETA), the Private Industry Council for the Charleston area
Type of Approach	Community Planning		
Period Covered by Grant	November 1993–October 1995		
Grant Amount	$500,000	*Project Administrators*	Employment Training Administration
Geographic Area	The "Trident" area, a three-county region along South Carolina's Atlantic coast	*Key Contact*	Bill Griffin, Project Manager, ETA

Context

The Trident area is among the most dependent on federal defense spending of any region in the U.S. Since 1989, reductions in defense expenditures and the closures associated with the Charleston Naval Complex have resulted in the direct and indirect loss of over 33,000 jobs. Moreover, these jobs were among the highest paying in the area. Local officials estimate that realignments will result in the removal of one of every three dollars from the local economy by the end of 1996.

Primary Goals

The Defense Conversion Adjustment (DCA) planning grant supported a regional approach to addressing the needs of the Trident communities. The project sought to:

- Produce an economic profile of the Trident region to inform the development of a community-based strategic plan.
- Develop a coalition between economic development actors, local educational institutions, and the employment and training community to develop effective strategies for intervention and economic revitalization.
- Develop a plan for a "one-stop shop" that would bring together comprehensive services for dislocated workers.

Key Players

- **Employment Training Administration** — Formal DCA grantee, provided leadership and overall guidance to the project.
- **In Support of Trident Area Committee** and **Building Economic Solutions Together Policy Committee** — Although now defunct, these two organizations laid the foundation for a broad-based partnership that coordinated the development of a regional response to defense downsizing.
- **Multiple Project Partners** — public sector and private non-profit agencies participated in assessment, information gathering, and planning for developing and implementing a strategic plan for coordinated service delivery.

Significant Outcomes

- Project compiled critical information, including impact assessments and labor market data.
- Project established partnerships between rapid-response, training and human-service providers, and economic development agencies.
- Project piloted innovative training programs for dislocated workers and developed elaborate plans for a "one-stop" service center.

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FACT SHEET: DEMONSTRATION PROJECT

THE HUMMER PROJECT

Project Location	South Bend, IN	*Grantee*	Workforce Development Services (WDS), the administrative entity for a local SDA
Type of Approach	Dislocation Aversion	*Project Administrators*	AM General Corporation; United Auto Workers Local 5
Period Covered by Grant	November 1993–June 1995	*Key Contact*	Ann Jones, Title III Coordinator, WDS
Grant Amount	$500,000	*Geographic Area*	Region surrounding South Bend, IN

Context

South Bend is located in semi-urban northwestern Indiana, on the southern shore of Lake Michigan, between Chicago and Detroit. During the past two decades, the area's once strong manufacturing base has been gradually eroding. Although the local economy is expanding and the region boasts an unemployment rate of only about 4%, job growth is primarily in the service sector. AM General, manufacturer of the *Humvee* all-terrain military vehicle, saw its contract business with the Department of Defense falling dramatically, and applied for federal assistance to support conversion.

Primary Goals

The project used Defense Conversion Adjustment (DCA) funds to support the efforts of AM General and its suppliers to become competitive in commercial markets, thereby averting lay-offs. By restructuring its workforce and training workers in high performance work organization (HPWO) skills, AM General sought to:

- Enhance its commercial base by increasing the production of the commercial *Hummer* for foreign and domestic sales.
- Diversify its existing defense business by developing programs for rebuilding, recycling, and refurbishing used military vehicles for resale.

Key Players

- **Workforce Development Services** — Official grantee and partner in the design and delivery of services.
- **AM General** — Partner with union in developing and implementing restructuring/retraining plans for AM General and eight regional suppliers.
- **United Auto Workers (UAW) Local 5** — Partner with firm in developing and implementing restructuring/retraining plans for AM General.
- **Sociotech** — Consulting firm that assisted in planning restructuring at AM General; also provided training to employees of AM General and employees of participating subcontractor firms.

Significant Outcomes

- 386 AM General employees and 200 employees of subcontractor firms trained in HPWO skills.
- AM General's commercial sales increased 22% in three years.
- AM General experienced increased efficiency and decreased costs in the production process as a result of implementing HPWO practices.
- Project exhibited a high degree of labor-management and public-private cooperation and coordination.
- At-risk workers transferred to firm's commercial and refurbishing divisions.

FACT SHEET: DEMONSTRATION PROJECT

THE INTERNATIONAL ASSOCIATION OF MACHINISTS AND AEROSPACE WORKERS (IAM)

Project Location	Burbank, CA	*Grantee*	IAM Lodge 727
Type of Approach	Combined Dislocation Aversion and Worker Mobility	*Project Administrator*	Verdugo County Private Industry Council (PIC)
Period Covered by Grant	November 1992–December 1995	*Key Contact(s)*	Dan Nakamoto, Research Director, IAM Lodge 727
Grant Amount	$500,000	*Geographic Area*	Southern CA

Context

The economy of the State of California has absorbed a significant proportion of the reductions in national defense spending since 1988. Much of the resulting job loss has been concentrated in southern California, home to several major defense-dependent aerospace firms. Between 1987 and 1991, 20% of the region's 375,000 aerospace jobs were eliminated. In the context of the nationwide shift away from heavy manufacturing that had already caused disruption in the local economy, planners realized that it was unlikely that dislocated aerospace workers would be reemployed in comparable jobs without substantial training.

Primary Goals

The IAM project was first conceived as an effort to train dislocated workers for new jobs in the growing advanced transportation industry, particularly in prototype development for electric vehicles. After it became apparent that these jobs were not yet available, the project focused on providing training to dislocated workers in job-search and basic skills, and helping defense firms preserve jobs by converting to commercial markets. The project sought to:

- Place trained dislocated defense workers in jobs with local composites manufacturers.
- Train at-risk workers in skills that would support their firms' conversion to commercial markets and enable them to retain their jobs.

Key Players

- **IAM Lodge 727** — Formal grantee and coordinator; recruited firms for participation in project.
- **Verdugo County PIC** — Primary fiscal administrator; recruited participants from its Title III programs and provided basic readjustment and supportive services.
- **Service Providers** — Specialists from California State University at Los Angeles and Glendale Community College served as consultants in the design and delivery of training and the development of conversion strategies.

Significant Outcomes

- Some dislocated workers were placed in new jobs through the projects, but the jobs were frequently unrelated to their training.
- The level of private sector participation was disappointing, but two enrolled firms were able to retain their workforces through the life of the project; one of these began hiring new workers.

FACT SHEET: DEMONSTRATION PROJECT

LONG ISLAND DEFENSE DIVERSIFICATION PROJECT (LIDDP)

Project Location	Long Island, NY	*Grantee*	New York State Department of Economic Development (DED)
Type of Approach	Dislocation Aversion	*Project Administrator*	DED's Long Island Regional Office (LIRO)
Period Covered by Grant	November 1992–June 1995	*Key Contact(s)*	Carole Macaluso, Project Coordinator (LIRO)
Grant Amount	$852,647	*Geographic Area*	Long Island Region of New York State

Context

Long Island, home to numerous large multinational defense and non-defense firms, suffered substantial job loss in manufacturing during the 1980's. Subsequent cuts in defense spending exacerbated regional economic instability. Between 1987 and 1992, spending on defense prime contracts declined by $1.4 billion or 26%, resulting in the loss of approximately 30,000 jobs. At present, over 40% of remaining manufacturing jobs are defense-dependent. Dislocations are likely to continue.

Primary Goals

LIDDP was conceived as a coordinated effort to avert layoffs in nine defense firms by using training in high performance work organization (HPWO) skills to support the conversion to commercial markets and increase firm competitiveness. Local educational institutions were encouraged to develop curricula to meet the needs of these firms, thereby enhancing their capacity to provide training relevant to the needs of the local private sector. With regard to the nine firms, the project sought to:

- Conduct assessments of firms' training needs and coordinate with labor–management committees (LMCs) in developing strategic plans.
- Train the majority of all employees in the nine firms in High Performance Workplace Organization (HPWO) skills.
- Assist firms to implement total quality management practices (TQM), increase production efficiency, and develop new commercial products.

Key Players

- **Department of Economic Development/Long Island Regional Office (LIRO)** — Maintained primary administrative responsibility for the project including recruiting firms, consulting on training needs, and implementing training initiatives.
- **New York State Department of Labor** — Assisted firms in developing Labor Management Committees (LMCs) and training LMC members.
- **New York State Department of Education's Long Island Regional Education Center** — Assisted firms in developing customized curricula and identifying appropriate training providers.

Significant Outcomes

- Most firms completed planned training in HPWO skills, and began to use *ad hoc* teams in the workplace.
- A number of local agencies developed the capacity to provide on-site training in HPWO skills to private sector firms.
- Some firms made progress in increasing commercial sales.

FACT SHEET: DEMONSTRATION PROJECT

MANAGEMENT ASSISTANCE AND TECHNOLOGY TRANSFER PROGRAM (MATT)

Project Location	St. Louis County, MO	*Grantee*	St. Louis County Economic Council; Department of Human Services, The Title III Substate Area
Type of Approach	Dislocation Aversion	*Project Administrator*	St. Louis County Economic Council
Period Covered by Grant	November 1992–July 1995	*Key Contact(s)*	Munsell McPhillips, Project Director
Grant Amount	$933,815	*Geographic Area*	St. Louis County, MO

Context

Home to numerous corporate headquarters, St. Louis is among the premier manufacturing centers of the Midwest. The large proportion of manufacturing-based employment, however, made the region vulnerable to the recession of the late 1980's, and to defense downsizing in the 1990's. Since 1989, approximately 30,000 local defense-dependent jobs have been eliminated and are unlikely to be regained —the aerospace industry has been particularly affected; 15,000 jobs have been lost at McDonnell Douglas alone. While the region's future prospects are still uncertain, manufacturing for export appears to be entering a period of sustained growth.

Primary Goals

MATT sought to assist small- and medium-sized defense-dependent firms in developing/marketing commercial products. The project provided assistance in:

- Assessing firms' internal strengths and weaknesses.
- Developing and implementing strategic conversion plans.
- Implementing management tools aimed at improving firm cost effectiveness.
- Pairing firms with appropriate consultants and trainers to support conversion objectives.

Key Players

- **St. Louis County Economic Council (CEC)** — Functional administrator for the grant and the oversight entity for MATT.
- **St. Louis County Department of Human Services** — Grantee in name only.
- **Economic Adjustment and Diversification Committee (EADC)** — Regional commission established to study the long-term effects of defense downsizing on the local economy: housed at the CEC and official sponsor of MATT.
- **Service Providers** — Private sector business consultants, these individuals provided customized instruction and expertise in a wide range of subjects to managers and employees of participating firms.

Significant Outcomes

- Assisted 10 firms in completing a comprehensive internal assessment to inform strategic planning for conversion/commercial competitiveness.
- Served 16 firms with long-term customized training and consulting services.
- A number of participating firms made substantial progress in developing commercial products and entering commercial markets.

FACT SHEET: DEMONSTRATION PROJECT

MILITARY CERTIFICATION DEMONSTRATION (MILCERT)

Project Location	Clemson, SC	*Grantee*	College of Education, University of Clemson
Type of Approach	Worker Mobility	*Project Administrator*	Same as grantee
Period Covered by Grant	November 1992–June 1996	*Key Contact*	William Leonard, MilCert Project Director
Grant Amount	$967,891	*Geographic Area*	State of South Carolina

Context

South Carolina suffers from teacher shortages in a number of K-12 subjects, particularly math, science and foreign languages. Moreover, the state's high percentage of minority students and low percentage of minority teachers renders minority teacher candidates in high demand. In view of this need for qualified educators, project planners hypothesized that commissioned and non-commissioned officers and other enlisted personnel dislocated from domestic and overseas U.S. military installations would be interested in second careers as teachers in South Carolina.

Primary Goals

Project planners targeted military personnel with good leadership skills for participation in an existing high quality teacher certification program at Clemson University. The project sought to:

- Assist interested applicants in assessing whether they met the entry requirements for Clemson's teacher certification program and completing pre-requisite courses, if needed, at one of the local community colleges designated as an "adjunct institution" for the demonstration.
- Enroll 50-75 participants per year, 20% of whom would be minority.
- Design and implement paid teaching assistantship positions as an alternative to unpaid student teaching internships.
- Achieve a 98% placement rate.

Key Players

- **College of Education, Clemson University** — Formal grantee: provided financial and administrative support to the project and housed the program office.
- **Adjunct Programs** — MilCert worked with eight adjunct educational institutions that provided preparatory courses to participants before they enrolled in the Clemson program.

  Other Public Partners — MilCert worked with another federally funded program, "Troops to Teachers," that provided stipends and support for participants.

Significant Outcomes

- Project enrolled 34 participants over the program's three years.
- Project assisted 11 individuals in securing paid internships or student teaching positions.
- Two project participants are currently teaching in South Carolina; nine others may become employed during 1996.

FACT SHEET: DEMONSTRATION PROJECT

MINNESOTA DEFENSE CONVERSION ADJUSTMENT DEMONSTRATION

Project Location	Minneapolis, MN	*Grantee*	Dislocated Worker Unit, Minnesota Department of Jobs and Training
Type of Approach	Combined Dislocation Aversion and Worker Mobility	*Project Administrator*	Minnesota Teamsters Service Bureau
Period Covered by Grant	November 1992–October 1995	*Key Contact*	Jean Dunn, Director, Teamsters Service Bureau
Grant Amount	$444,142	*Geographic Area*	Minneapolis-St. Paul metropolitan area

Context

Although the Twin Cities economy is relatively strong and diverse, the decline of the mainframe computer industry and defense manufacturing have caused large-scale dislocations. Alliant Techsystems, Inc, once a large subsidiary of Honeywell Corporation and now an independent producer of munitions, employed approximately 3,800 workers at the beginning of the demonstration. The union and its service organization, the Teamsters Service Bureau, identified worker training as a strategy to both avert further layoffs and assist workers in transitioning to new jobs should layoffs occur.

Primary Goals

The Alliant Techsystems/Teamsters project was conceived as an effort to train at-risk workers in skills that would enable the firm to continue to compete in defense markets or that would prepare them for new jobs in other industries should lay-offs occur. The project sought to:

- Train at-risk workers in basic skills, computer literacy, and technical skills to improve the production process and increase worker productivity.
- Avoid layoffs among at-risk assembly workers by providing some workers the opportunity to receive training as entry-level machinists.

Key Players

- **Dislocated Worker Unit, MN Department of Employment Security** — Formal grantee and participant in early planning stages.
- **Minnesota Teamsters Service Bureau** — Primary project administrator; the Bureau participated in project-level strategic planning and provided services.
- **Alliant Techsystems** — Contributed substantial resources of its own to support training.
- **St. Paul Technical College** — Provided assessment of training needs, designed curriculum and materials, and provided on-site training to workers.

Significant Outcomes

- Coordination among multiple project partners helped to overcome a number of implementation barriers.
- More than 200 employees of Alliant Techsystems completed training.
- During the project, 100 assembly workers were laid off; workers that had trained as machinists were protected from layoff.

FACT SHEET: DEMONSTRATION PROJECT

NEW ENGLAND DEFENSE CONVERSION PLANNING AND TECHNICAL ASSISTANCE PROJECT

Project Location	Bucksport, ME	*Grantee*	Training and Development Corporation (TDC)
Type of Approach	Community Planning	*Project Administrators*	TDC; Hay Management Consultants; the New England Council
Period Covered by Grant	November 1993–June 1995	*Key Contact*	Bruce Vermeulen, Senior Project Officer, TDC
Grant Amount	$499,941	*Geographic Area*	Six New England States

Context

During the 1980's, the economies of the New England states were buffered from the national decline in manufacturing by the growth in defense-based manufacturing. Substantial reductions in defense spending during recent years, however, have dramatically affected the interdependent economies of the New England States. The closure of several military bases combined with downsizing by many large defense contractors and subcontractors has affected all sectors of the regional economy. Direct revenue losses resulting from cuts in defense procurement totaled $6 billion by 1993.

Primary Goals

The Defense Conversion Adjustment (DCA) planning grant supported a regional approach to addressing the needs of communities severely affected by defense downsizing. The project sought to:

- Establish a Task Force with broad membership to inform the development of a region-wide strategic plan.
- Assess the impact of defense downsizing in the region; identify the labor needs of private industry, the training needs of dislocated and at-risk workers, and the capacity of training providers to meet the needs of both groups.
- Produce a report to identify strategies, proposals, and recommendations for regional action to accelerate growth and economic development.
- Mobilize institutional and financial support to prepare for implementation.

Key Players

- **Training and Development Corporation** — Formal DCA grantee, provided leadership and overall guidance to the project.
- **Hay Management Consultants** — Played crucial role in establishing the Task Force and providing expertise and high-quality information to guide the project.
- **The New England Council** — Regional association of businesses, insured the participation of private-sector employers.
- **Other Project Partners** — A labor advocacy organization and two consulting firms specializing in adult education and job training also played important roles.

Significant Outcomes

- Mobilized a regional community Task Force that was broad-based, active throughout the grant period, and successful in producing planned reports.
- Compiled important data to inform regional economic development planning.
- At the time the project ended, the Task Force had not succeeded in securing funding to implement recommendations.

FACT SHEET: DEMONSTRATION PROJECT

OPERATION STEPOUT

Project Location	Tempe, AZ	*Grantee*	Arizona Governor's Office for Women
Type of Approach	Worker Mobility	*Project Administrator*	Arizona State University
Period Covered by Grant	November 1992–June 1995	*Key Contact*	Dr. Rita Mae Kelly Chair, Justice Studies Arizona State University
Grant Amount	$846,770	*Geographic Area*	Phoenix and Tucson metropolitan areas

Context

In 1993, the state of Arizona ranked eighth among states most critically affected by defense downsizing. Despite the relative health of the non-defense economy, greater Phoenix, home to 19 of the top 25 defense contractors in Arizona, suffered an 18% decline in defense-related employment between 1990 and 1993.

Primary Goals

Project planners expected women to fare worse than their male counterparts during the restructuring of the local defense industry because women (1) lacked seniority and were therefore among the first to be laid-off in large numbers; (2) would attempt to secure new private-sector jobs in occupational fields still dominated by men; and (3) were underserved by existing transition-assistance programs that planners perceived as being male-oriented. StepOut sought to:

- Assist female dislocated or at-risk defense workers in transitioning out of defense industry jobs and into new private sector jobs or entirely new careers.
- Assist participants in their efforts to improve their decision-making capacities, increase their self-esteem, and enhance their leadership potential.
- Assist participants in developing the skills required for continued career growth and development.

Key Players

- **School of Justice Studies, Arizona State University** — Primary grant manager and administrator of the project's *Fast Track* Seminar for participants transitioning directly into new private sector jobs.
- **Career Services Office, Arizona State University** — Administrator of the project's *Career Assessment Series*.
- **Arizona Governor's Office for Women** — Primary manager of the project's *WE CAN* network for participants who had completed their formal programs.

Significant Outcomes

- Career counseling and job search assistance designed and delivered to over 400 women from diverse ethnic backgrounds.
- Increased levels of self-confidence, understanding of personal skill sets, and enhanced managerial and leadership potential among participants.
- Many participants, though self-identified as "at-risk" when they entered the program, never lost their jobs.
- Of those unemployed at enrollment, 58% of those who responded to the follow-up survey had secured new employment.

FACT SHEET: DEMONSTRATION PROJECT

THE PHILADELPHIA NAVAL BASE AND SHIPYARD COMMUNITY PLANNING PROJECT

Project Location	Philadelphia, PA	*Grantee*	Pennsylvania Department of Labor and Industry (PDOL)
Type of Approach	Community Planning	*Project Administrators*	Dislocated Worker Unit, PDOL; Philadelphia Private Industry Council (PIC)
Period Covered by Grant	November 1993–June 1994	*Key Contact*	Christine Enright, State Dislocated Worker Unit
Grant Amount	$464,198	*Geographic Area*	Philadelphia metropolitan area

Context

The Philadelphia economy has depended on heavy industry for almost two centuries. As manufacturing jobs have steadily disappeared, unemployment rates have remained well above the state and national averages. When the Naval Shipyard was recommended for closure by the Basic Readjustment Commission (BRAC) 16,000 military and civilian personnel employed in 1993 were expected to lose their jobs; 36,000 people employed by the nearly 800 local firms directly dependent upon the shipyard for business were also put at-risk.

Primary Goals

The Defense Conversion Adjustment (DCA) planning grant supported efforts to develop an effective response to the needs of the communities affected by the closure. The project sought to:

- Establish a planning group comprised of stakeholders in the community who would develop a comprehensive strategic plan.
- Develop plans for delivering services to dislocated workers on-base.
- Assess the skills of dislocated workers in relation to those in demand within local industry in an effort to facilitate the training and reemployment process.
- Produce two replicable handbooks to inform rapid response and reemployment services to dislocated defense workers at other facilities.

Key Players

- **Dislocated Worker Unit of PDOL** — Formal grantee of the project.
- **Philadelphia Private Industry Council** — Involved in administration and planning for the establishment of an on-site Career Transition Center.
- **Center for Applied Behavioral Sciences at Pennsylvania State University** — Subcontracted by the state to assess the skills of dislocated workers.
- **The Naval Base and Shipyard's Office of Civilian Personnel and Management** — Active in planning and implementation of project activities.

Significant Outcomes

- Assessed the skills of all civilian Department of Defense (DOD) workers and established a database to facilitate their reemployment in the private sector; information about the skills in-demand among local private-sector employers was not fully documented.
- Conducted strategic planning to inform the establishment of a Career Transition Center on-base; although the DCA grant did not support direct services, the planning process enabled project partners to secure additional grant funds to support the Center.

FACT SHEET: DEMONSTRATION PROJECT

PROJECT EARN

Project Location	Titusville, FL	*Grantee*	McDonnell Douglas Aerospace East
Type of Approach	Worker Mobility	*Project Administrator*	Human Resources Administration, Office of Personnel Services and Training, McDonnell Douglas
Period Covered by Grant	November 1992–August 1994	*Key Contact*	Bunny Pollack, Project EARN Coordinator, Brevard Community College
Grant Amount	$497,249	*Geographic Area*	Brevard County, FL

Context

Titusville is located on the eastern coast of Florida in the region known as the "Space Coast," which is dominated by the presence of NASA's Kennedy Space Center and its surrounding aerospace and high-technology companies. As a result of declining expenditures for the space program and defense downsizing, the local aerospace industry declined significantly in the late 1980's and early 1990's. At the beginning of the demonstration, McDonnell Douglas' Florida Missile Production Facility was the largest employer in Titusville, employing about 1,700 workers. After the Air Force's Cruise Missile program was canceled in 1991, McDonnell Douglas eliminated 500 jobs.

Primary Goals

Project EARN attempted to assist McDonnell Douglas' dislocated workers in securing new jobs. The project was designed to:

- Create a partnership with Brevard Community College, which would serve as the primary administrator of services, including basic readjustment, assessment, career counseling and short-term training.
- Enroll 315 workers in the project, using early intervention to help prepare affected workers for new jobs in the commercial aerospace industry.
- Place 75% of those who completed transition services in new positions at a wage rate of at least 75% of their earnings prior to lay-off.

Key Players

- **McDonnell Douglas Aerospace East** — Formal Defense Conversion Adjustment (DCA) grantee and co-administrator of the project.
- **Brevard Community College** — Co-administrator of the project, provided direct services to project participants through two service locations, one at the firm and one at the community college.

Significant Outcomes

- Enrolled 282 participants in the project; 90% received a full package of basic readjustment services.
- Project had difficulty placing participants because high quality replacement jobs were not available without retraining; however, the wage rate for placements that were made was high.
- When the company lost the Tomohawk Missile contract in 1994, it was forced to close the entire facility.

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FACT SHEET: DEMONSTRATION PROJECT

RHODE ISLAND WORKFORCE PROTECTION PROGRAM (WPP)

Project Location	Providence, RI	***Grantee***	Rhode Island Port Authority and Economic Development Corporation (RIPA)
Type of Approach	Dislocation Aversion	***Project Administrator(s)***	RIPA and Rhode Island Department of Economic Development
Period Covered by Grant	November 1992–June 1995	***Key Contact(s)***	Michael Walker, Project Manager, Office of Defense Economic Adjustment (ODEA)
Grant Amount	$500,000	***Geographic Area***	The State of Rhode Island

Context

The economy of Rhode Island is heavily dependent on the defense industry. A 1991 survey found that one out of every ten employers and one out of every three workers identified themselves as dependent on the defense industry in some way — the Electric Boat Division of General Dynamics is the largest private employer in the state. Defense downsizing had already resulted in the loss of over 8,000 jobs in the region between 1987 and 1992 when the Defense Conversion Adjustment (DCA) grant program was announced.

Primary Goals

The Workforce Protection Program was conceived as a coordinated response to the needs of defense-dependent firms and at-risk workers in Rhode Island. The project attempted to replicate the state's existing Competitiveness Improvement Project (CIP), targeting small- to medium-sized defense-dependent firms and offering grants to assist them in becoming more competitive through worker training. The project sought to:

- Deliver training to 400 workers in 20 selected firms in new technologies or competitive practices that were in demand at the firms.
- Assist firms in using the skills of newly trained workers to support increased competitiveness in defense markets and conversion to commercial markets.

Key Players

- **Office of Defense Economic Adjustment, RIPA** — Administrative home of the project.
- **Rhode Island Department of Economic Development** — Fiscal manager of the DCA grant.
- **ODEA Steering Committee** — Comprised of interagency executives appointed by the governor, this group provided oversight and support for WPP.
- **Human Resources Investment Council (HRIC)** — Oversight agency for the CIP and provider of state matching funds for the WPP grant.

Significant Outcomes

- WPP grants were awarded to 12 firms for worker retraining/skills upgrading.
- Selected workers in each of these firms were trained in skills relevant to conversion efforts.
- Several companies reported growth in sales after workforce training.

FACT SHEET: DEMONSTRATION PROJECT

SAN DIEGO COUNTY COMMUNITY PLANNING PROJECT

Project Location	San Diego, CA	*Grantee*	San Diego Consortium and Private Industry Council
Type of Approach	Dislocation Aversion, Worker Mobility	*Project Administrator*	San Diego Consortium
Period Covered by Grant	November 1992–June 1994	*Key Contact*	Ron Grabler, Coordinator, San Diego Consortium
Grant Amount	$470,660	*Geographic Area*	San Diego County, CA

Context

In the early 1990's, San Diego County was one of the most defense-dependent regions in the country. When defense downsizing began, the impact was expected to be severe: 50,000 relatively high-wage jobs were expected to be eliminated between 1989 and 1996. The San Diego Consortium and Private Industry Council took the lead in planning for economic development, securing funds from the California Trade and Commerce Agency and the Department of Defense's Office of Economic Adjustment prior to the demonstration period.

Primary Goals

The Defense Conversion Adjustment (DCA) grant supported activities that were part of the larger ongoing strategic planning process. The grant supported efforts to:

- Assess the skills needed by local employers.
- Design and provide skills training to enable dislocated defense workers to secure new jobs.
- Develop the capacity to support the conversion of high-technology companies to commercial markets.
- Create new employment opportunities for dislocated workers by supporting new business start-ups.

Key Players

- **San Diego Consortium and Private Industry Council (PIC)** — Formal DCA grantee and primary administrator of grant-supported activities.
- **CONNECT Program of the University of California at San Diego** — Conducted Defense Conversion Roundtables; provided entrepreneurial training for dislocated workers interested in starting high-technology businesses.
- **Center for Applied Competitive Technologies at San Diego City College** —Providing training and technical assistance to at-risk firms and dislocated defense-workers.
- **San Diego Economic Development Corporation** — Conducted surveys and compiled information to inform the planning process.

Significant Outcomes

- One hundred and forty dislocated defense workers received training; entrepreneurial training was particularly effective, leading to the creation of 18 high-tech business start-ups.
- Six Defense Roundtables were held.
- The project did not develop early intervention services for firms transitioning to commercial markets.

FACT SHEET: DEMONSTRATION PROJECT

PROJECT FOR THE CONVERSION OF SARGENT CONTROLS

Project Location	Pima County, AZ	*Grantee*	Pima County Community Services Department (PCCS)
Type of Approach	Dislocation Aversion	*Project Administrator*	Regional Reemployment Center, PCCS; Arizona Council for Economic Conversion
Period Covered by Grant	November 1992–December 1995	*Key Contact*	Rosalyn Boxer, Executive Director, Arizona Council for Economic Conversion
Grant Amount	$749,622	*Geographic Area*	Tucson, AZ

Context

Tucson, following national trends, has witnessed the decline of its manufacturing sector in recent years. Between 1987 and 1992 manufacturing employment dropped almost 5%, with machinery and aerospace industries absorbing a disproportionate share of the cuts. Although larger defense firms and military bases in the area were growing at the beginning of this project, they faced an uncertain future. The viability of smaller defense subcontractors and suppliers was extremely uncertain, even in the short run. Sargent Controls was identified by project planners as one such at-risk firm.

Primary Goals

After working with Sargent Controls in the first phase of the project, planners intended to use their experience to inform a second project phase during which they would work with a larger number of at-risk defense firms. The project sought to help defense-dependent firms:

- Assess their strengths and weaknesses and opportunities for designing and marketing commercial projects.
- Prepare strategic plans for conversion and provide training to employees to support conversion objectives.
- Assist the firms in applying employees' new skills in the workplace.

Key Players

- **The Pima County Community Services Department** — Official grantee and co-administrator of the Defense Conversion Adjustment (DCA) funds through its Regional Re-employment Center.
- **Arizona Council for Economic Conversion** — Small non-profit organization that spurred the creation of the project and co-administered the DCA grant.
- **Sargent Controls** — A manufacturer of valves for the Seawolf submarine.
- **Additional Firms** — 10 small to medium-sized defense subcontractor firms that received company assessments and access to group-based training services.

Significant Outcomes

- Sargent Controls increased sales and reduced defense-dependency, but much of it was a result of acquiring another commercially-oriented firm.
- The key players developed the capacity to assist other firms in the conversion process, and did so in Phase II.

FACT SHEET: DEMONSTRATION PROJECT

SENECA COUNTY COMMUNITY PLANNING PROJECT

Project Location	Seneca County, New York	*Grantee*	New York State Dept. of Labor
Type of Approach	Community Planning	*Project Administrator*	Seneca County Employment and Training Department
Period Covered by Grant	November 1993–June 1995	*Key Contact*	Peg Birmingham Seneca County Employment and Training Department
Grant Amount	Base Grant: $496,373	*Geographic Area*	Seneca County, New York

Context

In July 1992, the Army announced major reductions in both the civilian and military workforces at the Seneca Army Depot. The loss of over 1,000 positions and income at the Depot was expected to worsen the economic problems already faced by rural Seneca County. Although this closure was not initially a Base Realignment and Closure (BRAC) Commission closure, it eventually became one, making the county eligible for Department of Defense, Office for Economic Adjustment (DOD/OEA) funding.

Primary Goals

The Defense Conversion Adjustment (DCA) planning grant supported a wide range of planning activities, lead by the employment and training community. The project sought to:

- Assess the impact of the closure, the employment and training needs of Seneca County workers, and the strengths and weaknesses of the local economy.
- Forge new collaborations between private- and public-sector actors to promote economic diversification and design appropriate training and employment services.

Key Players

- **New York State Department of Labor** — The formal DCA grantee.
- **The Seneca County Employment and Training Department** —The day-to-day administrator of the project.
- **The Seneca County Economic Development Department** — Office for Economic Adjustment (OEA) grantee, and partner in DCA-funded activities.
- **Cornell University** — Leader of three project components: workforce analysis, business retention and expansion, and local government assistance.
- **Knowledge Systems and Research** and **The Center for Governmental Research** — Two consulting firms that contributed to the survey of local employers and the workforce and competencies components of the project.

Significant Outcomes

- Mobilized community Task Forces that were broad-based, active throughout the grant period, and successful in producing all planned reports.
- Collected and presented important data to inform local economic development.
- Placed human resource issues on the community economic development planning agenda.
- Presented a "blue print" for action —The Community Plan— with many recommendations grounded in data and endorsed by the community.
- Helped lay foundation for OEA-funded activities.

FACT SHEET: DEMONSTRATION PROJECT

STRATEGIC SKILLS PROGRAM (SSP)

Project Location	Boston, MA	*Grantee*	Massachusetts Industrial Services Program (ISP)
Type of Approach	Dislocation Aversion	*Project Administrator*	Massachusetts Industrial Services Program
Period Covered by Grant	November 1992–December 1995	*Key Contact*	Doug Riikonen Incumbent Worker Training Unit, ISP
Grant Amount	$864,986	*Geographic Area*	State of Massachusetts

Context

Massachusetts had lost many of its jobs in traditional manufacturing by 1980. During the 1980's, however, growth in "high-technology" manufacturing, including computers and electronics, bolstered the state's economy. The defense industry was key to this growth. By 1990, an estimated one out of every 15 jobs in the state was defense-dependent. The nationwide recession hit Massachusetts particularly hard in the late 1980's. As the state struggled to recover from the recession, reductions in defense spending resulted in the direct loss of numerous jobs in high technology manufacturing. Direct job losses due to reductions in defense contracting between 1990 and 1995 were expected to reach 60,000. Indirect job losses and closure of military facilities further exacerbated the economic crisis.

Primary Goals

The Project sought to:

- Preserve high quality manufacturing jobs by using worker retraining as a strategy to support small and medium-sized defense-dependent firms in their efforts to achieve commercial viability.
- Assist firms in using worker retraining to link strategic plans for diversification/competitiveness and implementation of high performance principles in the workplace.
- Assist firms in enhancing worker skills, thereby improving work-unit and company performance, and improving employment stability of trained workers.

Key Players

- **Massachusetts Industrial Service Program** — Grantee and primary manager and administrator for the Strategic Skills Program.
- **Participating Firms** — A total of 20 firms participated in either Phase I or Phase II; three firms participated in both phases.
- **Training Providers** — Firms secured training from a wide variety of public and private providers.

Significant Outcomes

- Project-level achievements include the accumulation of a broad base of knowledge about defense conversion issues.
- Firm-level achievements include the completion of strategic training by 16 of the 20 firms that enrolled in the program; evidence of improved worker, team, and firm performance in these firms; and a high level of employment retention among participating firms.
- A majority of participating firms indicated growing commercial sales; defense-related sales often remained important.

FACT SHEET: DEMONSTRATION PROJECT

ALTERNATIVE FUELS TRAINING PROJECT

Project Location	Austin, TX	*Grantee*	Texas Railroad Commission (TRC)
Type of Approach	Worker Mobility	*Project Administrator*	TRC's Liquefied Petroleum Gas Division
Period Covered by Grant	November 1992–September 1995	*Key Contact(s)*	Rochelle Pemberton, TRC's Liquid Petroleum Gas Division
Grant Amount	$480,979	*Geographic Area*	Dallas-Fort Worth metropolitan area

Context

The economy of the Dallas-Fort Worth area grew rapidly during the 1980's, partly as a result of increased defense spending that resulted in tremendous job creation via local defense firms. The recession of the early 1990's, however, combined with the subsequent national defense drawdown caused the dislocation of large numbers of area workers. Between 1989 and 1991, 13,000 defense-related jobs disappeared from the Dallas-Fort Worth area and the situation was expected to worsen as a result of additional private sector defense downsizing and the closure of a local Air Force Base.

Primary Goals

The alternative fuels project was conceived as an effort to match dislocated defense workers with new jobs in the growing alternative fuels technology industry. The project sought to:

- Develop a high-quality replicable alternative fuels technology training program for continuing use at post-secondary educational institutions.
- Enroll 150-300 participants in alternative fuels training to prepare them for jobs as fleet managers, conversion technicians, or maintenance technicians.
- Place trained participants in high-quality alternative fuels jobs within one to three months of training completion.

Key Players

- **Texas Railroad Commission's Liquefied Petroleum Gas Division** — Formal grantee and administrator of the project.
- **Texas State Technical College** — Developed the alternative fuels curriculum; trained course instructors.
- **Texas Employment Commission** — Attempted to place trained participants in new jobs.
- **Other Public Partners** — Five local Title III of the Job Training Partnership Act substate areas recruited participants. Two local community colleges provided training to project participants.

Significant Outcomes

- A rigorous and replicable curriculum was developed.
- 123 participants completed training in alternative fuels technology training.
- Placement rate and wages were lower than project planners had anticipated.

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